

APPENDIX B

Excerpts from TROY MARKET STUDY 2003

Conducted by
Gem Public Sector Services

A Division of
Gem Real Estate Group
Dayton, Ohio



A MARKET STUDY

OF

**The City of Troy
Miami County, Ohio**

FOR

**The City of Troy, Ohio
100 South Market Street
Troy, Ohio 45373**

BY

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A dba Of
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TIMEFRAME OF THE STUDY

Second Quarter, 2003

DATE OF THE REPORT

August, 2003

I. EXECUTIVE SUMMARY

The City of Troy, Ohio requested a market analysis of all areas of town in order to focus comprehensive planning, economic development strategies and development initiatives on the basis of market driven information.

A. Definition of the Study Area

The study area has been defined as all of the land area inside the municipal boundaries of the City of Troy, Ohio.

B. Purpose of the Analysis

The purpose of the analysis is to determine the range of potential land uses that can be accommodated throughout the City of Troy, now and in the future, based on the needs demonstrated by the marketplace.

C. Objective of the Analysis

The objective of the analysis is to provide market-based information that will enable officials of the City of Troy to develop plans for the future of the city and its environs. The analysis will assist the City in developing strategies, initiatives, and plans to serve the needs of residents of the community and provide for business opportunities that meet market demand.

D. The Specific Question(s) To Be Answered

The analytical questions to be answered in the following report are:

1. What is the current status of the City and how competitive are existing developments?
2. What are the consumer needs in the community?
3. What business opportunities could be developed on the basis of market demand?
4. How will trends for the future influence land use needs in the City?

E. What Analytical Methodologies Have Been Used in This Analysis

The methodologies applied during the course of this analysis include the use of both primary research and secondary data. Formal and informal interviews have been used to discover information about the study area. Demographic data has been obtained from several public and proprietary sources that have been identified throughout this report. Basic quantitative methods have been applied to develop useable information from the data that has been obtained. Of course, the analyst's observations, judgment and conclusions are also contained in this report.

F. The Housing Market

The housing market in the City of Troy is projected to grow between now and 2007. The number of housing units that may be added to the City's inventory ranges between 276 units and 656 units depending on the data sources. This represents an increase ranging between 3% and 7% in the number of housing units in the City. The estimated housing inventory growth appears to outpace the projected population growth rate and household growth rate in the City.

The occupancy styles of the households in the City strongly suggests that a significant percentage of the freestanding, single family residences in the City may have been converted to rental housing. The percentage of conversions may be as high as 20% of the inventory. This appears to be indicative of a potential housing issue with regard to the preservation and enhancement of the current inventory of single-family homes. In addition, the percentage of households living in rental housing is expected to increase between now and 2007. Should this projection be realized, it is likely that more single-family homes will enter the rental market.

The majority of new units projected to be introduced to the housing market between now and 2007 are freestanding, single-family residences. Approximately 75% of the anticipated new inventory is expected to be single-family homes. Of course, the City must have land that can accommodate housing growth in order for this projection to be realized.

Competitively, the market appears to be reasonably stable, now and in the future, regarding housing supply and demand. Housing values are projected to grow based on the continuation of current trends. Approximately 75% of the housing inventory is projected to be valued at \$75,000 or greater by 2007. Areas in close proximity to the City of Troy are projected to share in the housing growth in the future. These areas reflect similar characteristics to those of the City of Troy in the future. In general, the housing market in the City of Troy and its environs appears to be competitively well positioned for growth in the time period between now and 2007.

G. The Office and Industrial Markets

The data suggests that the City of Troy should experience employment growth of approximately 3% to 4% in the office and industrial segments of the market between now and 2007. Most of this growth is believed to originate from already existing businesses and industries.

While growth is suggested on the basis of historical trends, the City's employment and a very significant portion of the Troy, resident workforce is employed in the manufacturing segment of the City's industrial base. This segment of employment has shown susceptibility to structural displacement from offshore relocations as well as employment reductions from the introduction of automated technologies. The City of Troy must be aware of any possible weaknesses in its manufacturing industrial employment base.

The City's inventory of existing, modern office and industrial space appears to be at, or near, stabilized occupancy. Like many older cities, the City of Troy does have a significant component of older, functionally obsolescent, underutilized space. Much of this space is not currently available in the lease or sale markets. For most market participants this space would not represent a competitive alternative even if it were currently available for sale or lease. However, the sites occupied by these older spaces could represent redevelopment alternatives that could bolster the City's inventory of competitive office and industrial sites in the future.

The City of Troy does not appear to have market ready sites to attract large-scale users at this time. This has been a market segment in which the City has successfully competed in the past. While employment growth projections are modest relative to existing businesses and industries, the City cannot compete for major new companies without competitive, market ready sites.

Regardless of the City's policy decisions regarding redevelopment sites or major new industrial/office parks, the competitive environment is likely to become more intense in the future. With improvements to I-75 and the I-70/75 interchange, the attractiveness of locations along the interstate corridor is likely to improve. Troy is in a competitively advantageous location with multiple highway exits in, or in close proximity to, the city.

Based on a review of the SIC codes of the employers in the City of Troy, the City appears to have positioned itself well with regard to the segments of business and industry that should grow as a function of the new economy and the implementation of technology.

H. The Retail Market

Troy appears to be at the heart of a strengthening retail hub at the interchange of S.R. 41 and I-75. This retail hub is projected to grow in significance in the future. Currently the area serves a population well beyond the city limits of Troy. In the future, this hub should serve a broader market geographically and capture a larger share of the consumers' dollars who shop there than is captured today.

While the retail hub at S.R. 41 and I-75 gains strength, older venues on local thoroughfares in the City will find it increasingly difficult to compete. In fact, some current, older retail venues will be better off redeveloped for another land use or mix of uses than to remain as retail locations in the future.

The historic downtown should retain its unique market niche as long as the overall theme of the historic town square continues to grow. This unique market niche will be the home of a variety of local merchants in the future.

I. Observations and Conclusions

The City of Troy is poised to undergo a transition as a city over the next several years. The County Seat of Miami County, Troy has historically enjoyed a reputation of being a pleasant place to live and work. The City has historically had more than a proportionate share of successful companies located in town. The lifestyles of residents were comfortable based on stable employment, social and cultural amenities, and a variety of locally based merchants that offered high quality goods and services to consumers. Troy has offered a blend of urban and rural living that has been somewhat unique in the region. However, the City of Troy is confronting change. Some of this change has emanated from within, but much of the change that has occurred in recent years has been a function of increasing urbanization of the unincorporated areas around Troy coupled with economic development along the I-75 corridor north of Dayton.

Troy may evolve into more of a core city surrounded by suburban townships in the near future. Some of the demographic data analyzed during the course of this study suggests that the City of Troy may be undergoing a transition to a community with more urban characteristics. The age makeup of the population, income levels, the percentage of rental housing, the age of the housing inventory, aging industrial infrastructure, and newer alternative retail outlets on the fringe of town, all speak to the potential for the City of Troy to exhibit more urban, core, city characteristics.

General Recommendations

There are several strategic measures that the City of Troy can take that may serve to delay or eliminate any potential degradation of the City's built environment and its image over the next several years. Of course, the built environment will continue to age. However, the City of Troy should regard its inventory of all land use types as perishable commodities. Structures of all types have economic and physical lives. Often the economic life of an improvement is shorter than the physical life. The difference between these two life cycles is the origin of restoration, rehabilitation, and reuse projects. The point of this discussion is that the City of Troy must recognize when properties are in their declining economic years and work to find feasible alternatives for the improvements or clear the existing improvements from the landscape and make sites ready for redevelopment.

The housing inventory is of particular concern because of the rental component of the market. Landlords make improvement decisions on the basis of economics not aesthetics. While the curb appeal of a property may improve its overall marketability, there may not be a direct payback for a cosmetic upgrade. Homeowners will expend money on cosmetic improvements because of the pride of ownership and the statement that a good-looking property makes. Minimum maintenance standards are essential for homeowners and landlords. Landlord registration may be a prudent move on the part of the City. This can be especially useful if a property becomes a nuisance because of maintenance issues or because of the occupancy. Presale inspections are another means of making sure that the housing inventory is at least being upgraded to a minimum standard on a periodic basis. Making smoke detectors a requirement in all rental housing units can afford the Fire Department the opportunity to inspect rental units periodically for compliance and to observe general conditions in rental properties. Incentives for home improvements in the form of low interest loans, and possibly loans convertible to grants for significant renovation or restoration projects, can help to maintain the housing inventory. The City could consider buying properties in the marketplace that have been converted from owner-occupied housing and returning the properties to the market with restrictions that preclude rental occupancies. The City may also want to consider restoring single-family homes that have been converted to multiple family units, recognizing that the end values may be less than the City's purchase prices. This is not an exhaustive list of potential tools. Some of the recommendations may not be acceptable for a variety of community reasons. The point is that proactive steps to preserve and enhance the housing inventory are far better than allowing the inventory to decline.

Specific strategies have been identified in the preceding text with regard to the office and industrial segments of the market. Typically, less can be done to counteract the effects of aging industrial infrastructure than other land uses because of the decision-making processes of

corporate owners. Communication and information are the best tools to work with businesses and industries. If a business or industry elects to relocate and close their local facilities, the City must be able to assert itself with regard to all of the steps that the company can take to make sure that the site and its improvements do not languish on the landscape for decades. Industrial properties, in particular, are of such significance that they can negatively influence adjacent neighborhoods for years if they are shuttered and allowed to deteriorate. An aggressive stance with regard to industrial closures is very important to the overall health, appearance, and perceptions that a community creates.

Retail uses are perhaps the most fluid among the four primary land-use categories. Retailers must be responsive to changes in style reflecting consumer preferences and changing lifestyles. Market share is critical to the retailers' success. Typically, the market moves at a much faster pace than the rate of change in a retail property. It is the pace of change of consumer desires that makes existing retail establishments obsolete in a relatively short time. It is unlikely that the pace of change will slow significantly in the retail markets in the future. The City of Troy must be attentive to the pace and direction(s) of housing growth in the future. Businesses follow people and growing residential areas offer the best opportunities for retailers to capture a market share and expand this share as the community develops. Once an area is fully developed, shopping center developers and their primary retail tenants may look for the next location to build a new center in an expanding market area. Unfortunately, once an existing center is left behind as a community grows, it may continue to erode as a trading center until it contributes virtually nothing to the economic health of the community. There are few tools that can be used to stop the nomadic behavior of retailers and a moratorium on new retail development may actually harm a community if it becomes inconvenient for residents to shop. Tools that prevent retail properties from deteriorating over extended periods are gaining momentum in other parts of the country. Perhaps the most definitive public measure is a demolition bond requirement that requires a developer to demolish an existing center if it falls below some established minimum occupancy level or loses a primary, anchor tenant. Measures like this may seem arbitrary, but they do prevent a community being burdened with unproductive former retail sites that could be put to good alternative reuses.

III. SCOPE OF THE CITY OF TROY MARKET ANALYSIS

A. Definition of the Study Area

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B. The City of Troy and Vicinity

Note: The term market area is considered synonymous with the term neighborhood; however, the **Appraisal Institute** has shown preference for the term market area as a means of avoiding possible conflicts.

According to the Third Edition of the Dictionary of Real Estate Appraisal, **Appraisal Institute**, **Market Area** is defined as:

The geographic or locational delineation of the market for a specific category of real estate, i.e., the area in which alternative, similar properties effectively compete with the subject property in the minds of probable, potential purchasers and users.

Overview

The local market area is best described as all of the land inside the boundaries of the City of Troy, which influences a greater area as a result of the composition of land uses, governmental influences, market resources, social amenities, school district, and overall location. Troy and its environs comprise part of the “Upper Valley” sub-market of the Dayton-Springfield MSA.

Physical Characteristics

Transportation in Troy and the immediate market area is focused on I-75. The City of Troy and the surrounding market area have above average interstate access. The West Main Street (SR 41)/I-75 (Exit #74) and West Market Street (SR 55)/I-75 (Exit #73) interchanges provide adequate access to the City. In addition, the convergence of State Routes 41, 55, 202, and 718, in the heart of the City of Troy provides ample surface roads for market area circulation. County road 25-A also traverses the City and provides additional linkages to other communities in Miami County. The map below illustrates the location of the City of Troy in the context of the local market area.



Generally, the topography of the area is level. However, some of the minor tributaries of the Great Miami River create some sloping/rolling topography in specific areas. The terrain is generally open, with some wooded areas, and soil conditions have historically been conducive to a variety of developments. No major developed portions of the subject market area appear prone to repeated flood hazard.

The City of Troy is the urbanized hub of a larger market area. The overall setting of the market area is suburban in nature, with a rural flavor. Specific land uses in the City and the immediate vicinity include all four of the basic uses groups; retail (single-tenant structures, multi-tenant centers, convenience businesses such as restaurants, and a variety of consumer product and service enterprises), office, industrial, residential (including single-family homes and a variety of multi-family dwellings and complexes), along with a number of governmental, religious and social uses intermingled.

The retail market area centers around “Troy Towne Center”, a 250,000±SF community shopping center, anchored by Wal-Mart. The Wal-Mart store is slated to undergo significant expansion to a “Super” store in the near future.

Other retailers have located the immediate, surrounding area over the past decade. These other retailers include: Meijer, Staples, Tractor Supply Company, Rex Radio & Television, Sears Hardware, CVS, Advance Auto Parts, Auto Zone, Hampton Inn, Fairfield Inn, Holiday Inn Express, Residence Inn, and Hollywood Video. Additionally, several restaurants, ranging from “casual dining” to “fast food”, have also located in the immediate area, including; Applebees, Fazolis, Bob Evans, McDonalds, Burger King, Steak N Shake, Wendys, and Taco Bell.

Recent development activity in the immediate vicinity has included residential uses, as well as some additional commercial development. Residential construction activity has historically been steady. New homes are currently being constructed in several developments around the county. An indicator of the extent of new housing construction in Miami County is the number of permits granted over the past several years. The table below presents this data.

<i>Building Permits</i>	<i>1993</i>	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>
Number of Permits	287	487	356	377	409	404	321	265
Total Value	\$28,417,000	\$39,260,000	\$36,523,000	\$41,613,000	\$48,353,000	\$48,963,000	\$50,585,000	\$43,250,000

Source: State of Ohio

Several apartment communities compete in the local market. Both market-rate and subsidized units are available in the area. Buckeye Community, Floral View, Garden Manor, Heather Green, Heritage, Kimberly Village, Meadowview, Park Regency, Stoney Ridge Place, Terrace Ridge, Traditions, Villa DeMarquis, and Staunton Commons. A sampling of these competitive properties will be used to determine the market rent level for the subject property.

Development activity has been spurred by the relative strength of the manufacturing employment base. Panasonic, Honda, Hobart, Prestolite, ITW and others form the economic “backbone” of the area.

Governmental/Social Characteristics

The immediate market area relies on Miami County and the City of Troy for various levels of public services (police, fire, street maintenance, zoning, and permits), a broad range of recreational programs, and a variety of housing options.

Miami County is generally located in West-Central Ohio. The county, established by Act on March 01, 1807, currently encompasses 407.0-mi². The City of Troy, which serves as the county seat, was settled in the 1808. The city government operates under a modified mayor/council structure as provided for by state statutes, with a full-time Director of Public Service and Safety (City Manager). There is a 1.75% city income tax in place as a primary means of funding the city's operations. Police and fire protection services appear adequate. The Miami County Sheriff's Office and the State Highway Patrol provide additional service to the surrounding unincorporated areas and I-75, respectively. Additionally, the city maintains several parks, and a community center.

The Troy City School District provides a base of primary and secondary education to the area. The Ohio Department of Education posted its results from the Ohio Proficiency Testing Program for 2001-2002, which is summarized below:

<i>Test Section</i>	<i>Grade 4</i>	<i>Grade 6</i>	<i>Grade 9</i>	<i>Grade 10</i>	<i>Grade 12</i>
Citizenship	62.9%	80.1%	81.9%	90.7%	79.0%
Mathematics	57.4%	62.0%	76.8%	87.4%	67.7%
Reading	60.8%	68.0%	91.9%	96.1%	75.3%
Writing	82.3%	82.6%	93.4%	95.9%	93.1%
Science	59.4%	65.8%	79.4%	92.8%	73.9%

Note: Percentages of students passing each section of test by grade level.

Similar, state averages are summarized below:

<i>Test Section</i>	<i>Grade 4</i>	<i>Grade 6</i>	<i>Grade 9</i>	<i>Grade 10</i>	<i>Grade 12</i>
Citizenship	60.4%	68.9%	82.5%	91.0%	71.6%
Mathematics	59.4%	61.1%	72.5%	83.4%	61.9%
Reading	56.0%	58.3%	90.5%	95.9%	74.1%
Writing	79.3%	82.6%	91.6%	96.7%	87.8%
Science	55.6%	60.6%	78.1%	87.9%	70.8%

Note: Percentages of students passing each section of test by grade level.

Therefore, as shown by these test results, the Troy City School District is performing at a level above the indicated state averages, consistent with other, suburban public school districts. Further, the Ohio Department of Education noted a 2001 attendance rate of 95.1%, and a 2001 graduation rate of 79.2% for the District, compared to state averages of 93.9% attendance and 81.2% graduation, respectively.

A broad measure of the health and well being of a geographic area is provided by the growth trends of its population. These numbers and their trends not only tell us about the labor supply, but also inform us about the total consumer population in the local market area. These statistics indicate a growing population over the next 5-years. The number of households in Troy and vicinity are estimated to grow at a faster pace than the population. This is the result of the

combination of population growth while the number of persons per household is declining. The demographics of the local market area will be discussed in detail in the following sections of this report.

Economic Characteristics

A number of economic characteristics of the City of Troy and its surrounding market area are discussed in detail in the following sections of this report. However, to summarize, the economic future of the area is best described as generally growing. Over the last ten (10) years, property values and development trends in the area have been growing. Property values appear to be increasing, as most properties in the area are average to good in condition and appear to be of average to good construction quality. Employment centers are easily accessible, with a middle income population base supporting the commercial businesses throughout the area. Because of the description above, we consider the area physically adaptable to a variety of land uses.

Conclusions

Overall, real estate market values in the City of Troy and the surrounding market area have been steady over the past few years due to consistent, continual demand. This trend is expected to continue given the reputation of the area within the regional marketplace. According to several local market participants, demand for real property should remain steady over the next few years, given current economic conditions.

The area benefits from above average accessibility to the interstate highway system, ample local roadway linkages, an adequate public school system, and a steady amount of development activity, indicating the area is growing. Generally, the market area has average to above average attributes (physical, social/governmental, and economic).

In recent years, the subject area has been a stable environment due to favorable governmental influences, readily available vacant land, and adequate access to amenities (food service, lodging, housing, etc.). In summary, it appears that the local area is poised to be well positioned for continued demand for residential, retail, office and industrial uses within the market.

VII. THE HOUSING MARKET

A. The Inventory

The housing inventory in the City of Troy covers the broadest range of ages, sizes and types of any community in the immediate vicinity.

As indicated in Table 14., the housing inventory currently consists of 9,580 units of which 6,767 units, or 70.64%, are freestanding, single-family homes. The housing inventory has grown by 1,574 units since 1990 and is projected to grow by between 276 and 656 more units through 2007. Total housing numbered 8,006 units in 1990 with 4,806 units of freestanding, single-family residential inventory; 69.74%. The housing inventory in 2007 may grow to as many as 10,236 units with 7,260 freestanding, single-family homes; 70.93%.

Overall housing growth in the City of Troy between 1990 and 2007 appears to be in a range from slightly in excess of 23% to almost 28% depending on the projected growth rate between 2002 and 2007. Annexations in the intervening years explain part of the City's growth, but there is no question that Troy has grown as a function of increasing urbanization in Miami County and the City's image in the marketplace.

TABLE 14.	CITY OF TROY, OHIO MARKET STUDY					
	INVENTORY OF HOUSING BY STRUCTURAL TYPE					
	Area					
Demographic Measure	Concord Twp.	Dayton MSA	Miami County	Piqua City	Tipp City	Troy City
1990 Housing Units By Number of						
Units in the Structure (#)						
Single Detached Unit	7,221	260,578	28,138	6,001	1,728	5,583
Single Attached Unit	193	19,087	642	132	69	183
Structures w/ 2 Units	675	15,640	2,235	846	243	670
Structures w/ 3-4 Units	738	24,747	1,783	502	225	738
Structures w/ 5-9 Units	360	21,436	1,066	201	243	360
Structures w/ 10-19 Units	254	16,578	427	141	0	254
Structures w/ 20-49 Units	165	8,638	367	134	7	165
Structures w/ 50+ Units	0	7,005	99	0	99	0
Mobile Homes/Trailers or Other	148	11,711	1,228	77	28	53
Total Housing Units	9,754	385,420	35,985	8,034	2,642	8,006
1990 Housing Units By Number of						
Units in the Structure (%)						
Single Detached Unit	74.03%	67.61%	78.19%	74.70%	65.40%	69.74%
Single Attached Unit	1.98%	4.95%	1.78%	1.64%	2.61%	2.29%
Structures w/ 2 Units	6.92%	4.06%	6.21%	10.53%	9.20%	8.37%
Structures w/ 3-4 Units	7.57%	6.42%	4.95%	6.25%	8.52%	9.22%
Structures w/ 5-9 Units	3.69%	5.56%	2.96%	2.50%	9.20%	4.50%
Structures w/ 10-19 Units	2.60%	4.30%	1.19%	1.76%	0.00%	3.17%
Structures w/ 20-49 Units	1.69%	2.24%	1.02%	1.67%	0.26%	2.06%
Structures w/ 50+ Units	0.00%	1.82%	0.28%	0.00%	3.75%	0.00%
Mobile Homes/Trailers or Other	1.52%	3.04%	3.41%	0.96%	1.06%	0.66%
Total Housing Units	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2002 Housing Units By Number of						
Units in the Structure (#)						
Single Detached Unit	8,705	280,141	32,160	6,745	2,600	6,767
Single Attached Unit	217	19,411	632	133	101	212
Structures w/ 2 Units	662	15,353	2,399	893	321	656
Structures w/ 3-4 Units	833	25,027	2,131	532	368	833
Structures w/ 5-9 Units	533	22,661	1,373	253	325	533
Structures w/ 10-19 Units	323	17,071	523	159	16	323
Structures w/ 20-49 Units	173	9,015	368	114	4	173
Structures w/ 50+ Units	0	6,939	81	0	81	0
Mobile Homes/Trailers or Other	172	12,847	1,411	151	46	83
Total Housing Units	11,618	408,465	41,078	8,980	3,882	9,580
2002 Housing Units By Number of						
Units in the Structure (%)						
Single Detached Unit	74.93%	68.58%	78.29%	75.11%	66.98%	70.64%
Single Attached Unit	1.87%	4.75%	1.54%	1.48%	2.60%	2.21%
Structures w/ 2 Units	5.70%	3.76%	5.84%	9.94%	8.27%	6.85%
Structures w/ 3-4 Units	7.17%	6.13%	5.19%	5.92%	9.99%	8.70%
Structures w/ 5-9 Units	4.59%	5.55%	3.34%	2.82%	8.37%	5.56%
Structures w/ 10-19 Units	2.78%	4.18%	1.27%	1.77%	0.41%	3.37%
Structures w/ 20-49 Units	1.49%	2.21%	0.90%	1.27%	0.10%	1.81%
Structures w/ 50+ Units	0.00%	1.70%	0.20%	0.00%	2.09%	0.00%
Mobile Homes/Trailers or Other	1.48%	3.15%	3.43%	1.68%	1.18%	0.87%
Total Housing Units	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

TABLE 14. (CONTINUED)	CITY OF TROY, OHIO MARKET STUDY					
	INVENTORY OF HOUSING BY STRUCTURAL TYPE					
Demographic Measure	Area					
	Concord Twp.	Dayton MSA	Miami County	Piqua City	Tipp City	Troy City
2007 Housing Units By Number of Units in the Structure (#)						
Single Detached Unit	9,323	288,292	33,836	7,055	2,963	7,260
Single Attached Unit	227	19,546	628	133	114	224
Structures w/ 2 Units	657	15,233	2,467	913	354	650
Structures w/ 3-4 Units	873	25,144	2,276	545	456	873
Structures w/ 5-9 Units	605	23,171	1,501	275	359	605
Structures w/ 10-19 Units	352	17,276	563	167	23	352
Structures w/ 20-49 Units	176	9,172	368	106	3	176
Structures w/ 50+ Units	0	6,912	74	0	74	0
Mobile Homes/Trailers or Other	182	13,320	1,487	182	54	96
Total Housing Units	12,395	418,067	43,200	9,374	4,399	10,236
2007 Housing Units By Number of Units in the Structure (%)						
Single Detached Unit	75.22%	68.96%	78.32%	75.26%	67.37%	70.93%
Single Attached Unit	1.83%	4.68%	1.45%	1.42%	2.60%	2.19%
Structures w/ 2 Units	5.30%	3.64%	5.71%	9.74%	8.04%	6.35%
Structures w/ 3-4 Units	7.04%	6.01%	5.27%	5.81%	10.36%	8.52%
Structures w/ 5-9 Units	4.88%	5.54%	3.47%	2.93%	8.17%	5.91%
Structures w/ 10-19 Units	2.84%	4.13%	1.30%	1.78%	0.52%	3.44%
Structures w/ 20-49 Units	1.42%	2.19%	0.85%	1.13%	0.06%	1.72%
Structures w/ 50+ Units	0.00%	1.65%	0.17%	0.00%	1.67%	0.00%
Mobile Homes/Trailers or Other	1.47%	3.19%	3.44%	1.94%	1.22%	0.93%
Total Housing Units	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

B. The Market

Overall vacancy in the local market suggests a supply/demand balance although vacancy rates appear to be on an upward trend. The housing market in the City of Troy is more dependent on rental housing than any of the other measured communities in Miami County and the county statistics, in general. The trend for rental housing appears to be on a growth path as projected from the historical data. Troy exhibits a larger segment of rental housing in its overall inventory than the Dayton-Springfield MSA in general. This disparity between the owner/renter composition appears to have existed for a number of years. The composition of the housing inventory and the composition of occupancy styles do not appear to have any direct correlation. A growing segment of the freestanding, residential housing inventory appears to be entering the rental market.

A significant portion of the housing inventory in the City of Troy predates the rapid growth of the past ten plus years. This inventory is comprised of homes that are smaller than the current generation of homes being built in the City of Troy and vicinity. The smaller sizes and ages of the city's inventory keep the value of this inventory from equaling the values of the inventories in the adjacent townships. The lower values of the City's inventory also attracts lower income households.

The composition of the housing inventory is heavily skewed toward freestanding, single-family homes in a population with aging residents. A transition in lifestyles is typical as people age and the inventory in the City of Troy needs to reflect the population demographics in order to provide the lifestyle alternatives that allow people to age in place.

The composition of the inventory of housing in the City of Troy and vicinity is detailed in Table 14., above. The composition of the housing unit growth is projected to remain heavily weighted toward freestanding, single-family residences. However, occupancy styles suggest that a portion of the freestanding, single-family, residential, inventory has been converted to rental housing. There are 5,413 owner-occupied, housing units in the Troy inventory today. Owner-occupied housing has grown from 4,806 units in the 1990 census. The difference between the number of

owner-occupied housing units and the inventory of freestanding, single-family residences is of interest. Since freestanding, single-family homes are a housing product built for owner use, the percentage of this inventory that has been converted to rental occupancy can point out future trends in housing values and housing maintenance. The statistics suggest that as much as 20% of the freestanding, single-family residential inventory has been placed in the rental market. This means that as many as one in five houses is rented. The values of homes in neighborhoods in which rental units are interspersed may become more dependent on the state of the rental market than the ownership market. Therefore, sales prices will be more dependent on the economic value of the property for rental than on the desirability of the home, or the neighborhood, for owner occupancy. Additionally, rental homes are generally not as well maintained as owner occupied homes. There are usually economic objectives for landlords to invest money in rental housing versus the “pride of ownership” objectives of many homeowners. The underlying motives for the transition of freestanding single-family residences to rental units are the important questions to answer. Some answers to this question can reflect positively on the community and other answers are negative. If rental unit owners report that they have purchased properties because these homes represent good values and that the units are easy to rent, the reasons for rental conversion may be a function of the overall image of the community and, possibly, a shortage of properties in the rental marketplace. Conversely, if properties are being converted to rental units because the owners have not been able to sell their properties for prices that reflect perceived values, or if the properties simply have not sold after significant exposure in the marketplace, then the reasons for rental conversion may indicate current and future housing problems in the community. Rental conversions may indicate other problems in a community not directly related to the housing inventory itself. The loss of a major employer in a community can send ripples through the housing market that create temporary shifts in the rental/owner composition of the inventory. If such conditions were present in the marketplace during a census year the data could reflect this atypical condition. This does not appear to be the case in Troy. As much as 14% of the freestanding, single-family residential inventory, as measured in 1990, had been placed in the rental market. As stated above, as much as 20% of this inventory is in the rental market today. The statistics suggest that a trend is observable. Data contained in Tables 15. And 16., below suggest that the rental segment of the freestanding, single-family residential inventory may grow by almost ten (10) percent between 2002 and 2007; from 20% of the inventory to 22% of the inventory. This percentage increase in rental units is projected even though the overall inventory of freestanding, single-family homes is projected to grow by as much as seven (7) percent during the same time period. Thus, the freestanding, single-family rental housing inventory may grow by as much as eighteen (18) percent between 2002 and 2007. This increase would add 240 homes to the rental inventory.

In examining the inventory of housing in the City of Troy, it appears that age, condition, and original quality of the housing stock may be the most significant influences on the conversion of inventory from owner occupancy to rental occupancy. Homes of average original quality that are in average condition and of advanced age (over 60 years old) may be perceived as being in the declining years of their useful (economic) lives. If an investment in a unit of this inventory cannot be justified on the basis of market appreciation in the future, then a rental income stream may be the only means of sustaining the market value of the property. Sales for rental conversion become the quickest and easiest means for current owners to divest themselves of their residential real estate and the sellers can obtain a price that reflects their perception of

market value. A more serious problem is revealed if existing owners simply cannot sell their properties. In this case a rental conversion may be the only means for an owner to recoup their investment in the property. This market condition reflects some serious supply/demand balance issues and does not bode well for the future of the community. Overall vacancy rates in the Troy market suggest that a serious supply/demand imbalance does not exist. However, vacancy rates are on an upward trend that is projected to continue in the future. The overall age of the housing inventory combined with observed market conditions suggests that some existing housing units will be taken out of service in the future that will result in the inventory remaining relatively balanced in the future. This does not mean that there should not be initiatives to preserve and enhance the value of the existing housing inventory. The trends indicate that it may be appropriate to begin to address the needs of an aging housing inventory before it becomes problematic.

C. Future Demand

Future housing growth in the City of Troy is being driven by population growth and the declining number of individuals per household in the City. It is possible for population growth to occur without the need for new housing, but the number of persons per household must be increasing. The opposite condition appears to be true in the City of Troy. Data suggests that the population under the age of 35 has decreased between 1990 and today while the population 35 years of age and older has increased. The age demographics appear to support the decline in the average number of persons per household that has been observed in the data. The demand for new housing units appears to be outpacing the rate of population growth in the City. This observation is consistent with the demographic data cited above. The predominant form of new housing growth will take place in the freestanding, single family home segment of the housing market although trends indicate that there should be growth in the numbers of multiple family dwelling units as well. It should be noted that growth in the total numbers of housing units in the City does not mean that new construction will not exceed the projections indicated. In fact, new construction should exceed the numbers of additional units projected in order to replace units in the current inventory that may be at the ends of their economic lives. The replacement portion of the housing market should range between one percent and two percent of the total housing inventory. Housing replacement rates in this range mean that the inventory of existing housing will be replaced in a time period between fifty years and one hundred years. Many communities cannot replace existing housing at the pace needed to continuously refresh the inventory due to the lack of available land for replacement housing and the scattered occurrence of worn out houses. Nonetheless, communities should be aware of an aging inventory of housing and the changing maintenance and enhancement needs of this inventory as it ages.

Table 15., provides some indication of the projected price migration of the owner-occupied housing inventory in the City of Troy and its environs, assuming observed trends continue. The projected price migration of housing is at least indirectly tied to the income demographics of the population of the City as cited above. As is projected in Table 15., over 75% of the housing inventory should exhibit market values at or above \$75,000 per home by 2007. This projection compares to approximately 65% of the housing inventory at price ranges of \$75,000 or over, today and less than 30% of the owner-occupied housing inventory at price ranges of \$75,000 or over in 1990. Of course, local and national market conditions will influence the actual growth

that takes place between now and 2007, but a continuation of existing trends suggests that the majority of the housing inventory will continue to grow in value over the next five years.

TABLE 15.	CITY OF TROY, OHIO MARKET STUDY					
	OWNER-OCCUPIED HOUSING SEGMENTED BY MARKET VALUE					
	Area					
Demographic Measure	Concord Twp.	Dayton MSA	Miami County	Piqua City	Tipp City	Troy City
1990 Owner-Occ. Housing Units	6,323	239,296	25,134	5,108	1,539	4,806
By Value (#)	5,681	208,562	20,918	4,645	1,423	4,445
Undefined Value	642	30,734	4,216	463	116	361
< \$50,000	1,429	64,232	6,371	2,706	241	1,332
\$50,000 to \$74,999	1,973	64,298	6,533	1,290	552	1,824
\$75,000 to \$99,999	1,033	40,538	4,100	361	422	803
\$100,000 to \$149,999	783	26,648	2,725	195	165	422
\$150,000 to \$199,999	312	7,654	797	61	27	44
\$200,000 to \$299,999	128	3,727	330	21	12	14
\$300,000 to \$499,999	17	1,165	47	10	3	5
\$500,000 >	6	300	15	1	1	1
Total Owner-Occ. Housing Units	6,323	239,296	25,134	5,108	1,539	4,806
1990 Owner-Occ. Housing Units						
By Value (%)						
Undefined Value	10.15%	12.84%	16.77%	9.06%	7.54%	7.51%
< \$50,000	22.60%	26.84%	25.35%	52.98%	15.66%	27.72%
\$50,000 to \$74,999	31.20%	26.87%	25.99%	25.25%	35.87%	37.95%
\$75,000 to \$99,999	16.34%	16.94%	16.31%	7.07%	27.42%	16.71%
\$100,000 to \$149,999	12.38%	11.14%	10.84%	3.82%	10.72%	8.78%
\$150,000 to \$199,999	4.93%	3.20%	3.17%	1.19%	1.75%	0.92%
\$200,000 to \$299,999	2.02%	1.56%	1.31%	0.41%	0.78%	0.29%
\$300,000 to \$499,999	0.27%	0.49%	0.19%	0.20%	0.19%	0.10%
\$500,000 >	0.09%	0.13%	0.06%	0.02%	0.06%	0.02%
Total Owner-Occ. Housing Units	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2002 Owner-Occ. Housing Units	7,209	255,650	28,163	5,277	2,458	5,413
By Value (#)	6,498	222,319	23,396	4,789	2,248	4,964
Undefined Value	711	33,331	4,767	488	210	449
< \$50,000	388	24,150	2,158	978	60	360
\$50,000 to \$74,999	1,257	45,929	4,860	1,852	210	1,180
\$75,000 to \$99,999	1,582	47,422	4,954	910	459	1,464
\$100,000 to \$149,999	1,718	61,338	6,797	685	1,025	1,400
\$150,000 to \$199,999	630	22,814	2,440	188	328	383
\$200,000 to \$299,999	649	14,517	1,663	134	123	139
\$300,000 to \$499,999	220	4,842	465	30	39	31
\$500,000 >	54	1,307	59	12	4	7
Total Owner-Occ. Housing Units	7,209	255,650	28,163	5,277	2,458	5,413
2002 Owner-Occ. Housing Units						
By Value (%)						
Undefined Value	9.86%	13.04%	16.93%	9.25%	8.54%	8.29%
< \$50,000	5.38%	9.45%	7.66%	18.53%	2.44%	6.65%
\$50,000 to \$74,999	17.44%	17.97%	17.26%	35.10%	8.54%	21.80%
\$75,000 to \$99,999	21.94%	18.55%	17.59%	17.24%	18.67%	27.05%
\$100,000 to \$149,999	23.83%	23.99%	24.13%	12.98%	41.70%	25.86%
\$150,000 to \$199,999	8.74%	8.92%	8.66%	3.56%	13.34%	7.08%
\$200,000 to \$299,999	9.00%	5.68%	5.90%	2.54%	5.00%	2.57%
\$300,000 to \$499,999	3.05%	1.89%	1.65%	0.57%	1.59%	0.57%
\$500,000 >	0.75%	0.51%	0.21%	0.23%	0.16%	0.13%
Total Owner-Occ. Housing Units	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

TABLE 15. (CONTINUED)	CITY OF TROY, OHIO MARKET STUDY					
	OWNER-OCCUPIED HOUSING SEGMENTED BY MARKET VALUE					
	Area					
Demographic Measure	Concord Twp.	Dayton MSA	Miami County	Piqua City	Tipp City	Troy City
2007 Owner-Occ. Housing Units						
By Value (#)						
Undefined Value	740	34,413	4,997	498	249	486
< \$50,000	-46	7,449	403	258	-15	-45
\$50,000 to \$74,999	959	38,275	4,163	2,086	68	912
\$75,000 to \$99,999	1,811	50,290	5,310	1,139	474	1,739
\$100,000 to \$149,999	2,108	75,792	8,494	889	1,383	1,808
\$150,000 to \$199,999	763	29,131	3,125	241	453	524
\$200,000 to \$299,999	866	19,013	2,218	181	169	191
\$300,000 to \$499,999	305	6,374	639	38	54	42
\$500,000 >	74	1,727	77	17	5	10
Total Owner-Occ. Housing Units	7,578	262,464	29,425	5,347	2,841	5,666
2007 Owner-Occ. Housing Units						
By Value (%)						
Undefined Value	9.76%	13.11%	16.98%	9.32%	8.77%	8.57%
< \$50,000	-0.60%	2.84%	1.37%	4.82%	-0.54%	-0.79%
\$50,000 to \$74,999	12.65%	14.58%	14.15%	39.01%	2.38%	16.09%
\$75,000 to \$99,999	23.89%	19.16%	18.05%	21.30%	16.70%	30.70%
\$100,000 to \$149,999	27.81%	28.88%	28.87%	16.63%	48.69%	31.90%
\$150,000 to \$199,999	10.06%	11.10%	10.62%	4.51%	15.96%	9.25%
\$200,000 to \$299,999	11.43%	7.24%	7.54%	3.39%	5.96%	3.37%
\$300,000 to \$499,999	4.02%	2.43%	2.17%	0.72%	1.90%	0.74%
\$500,000 >	0.98%	0.66%	0.26%	0.31%	0.18%	0.17%
Total Owner-Occ. Housing Units	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Table 16., details the housing inventory changes that could be anticipated between now and 2007, based on the data analyzed. As has been suggested above, approximately 75% of the new housing that may be introduced in the next five years is comprised of freestanding, single-family residences. Note that the percentage of freestanding residences that could be introduced is in excess of the owner-occupancy percentage of the current City market. Occupancy style projections indicate that a percentage of existing, freestanding, single-family, owner-occupied homes will be transitioned into the rental housing market in the next five years. Therefore, while three quarters of the new housing introduced to the City between now and 2007 may be freestanding, single family homes, the percentage of owner-occupied housing units in the City is still projected to decline.

CITY OF TROY, OHIO MARKET STUDY						
2002-2007 HOUSING INVENTORY CHANGE PROJECTIONS						
Demographic Measure	Area					
	Concord Twp.	Dayton MSA	Miami County	Piqua City	Tipp City	Troy City
2002 - 2007						
New Owner-Occ. Housing						
By Value (#)						
Undefined Value	29	1,082	230	10	39	37
< \$50,000	-434	-16,701	-1,755	-720	-75	-405
\$50,000 to \$74,999	-298	-7,654	-697	234	-143	-268
\$75,000 to \$99,999	229	2,868	356	229	15	275
\$100,000 to \$149,999	390	14,454	1,697	204	358	408
\$150,000 to \$199,999	133	6,317	685	53	125	141
\$200,000 to \$299,999	217	4,496	555	47	46	52
\$300,000 to \$499,999	85	1,532	174	8	15	11
\$500,000 >	20	420	18	5	1	3
Total New Owner-Occ. Housing Units	369	6,814	1,262	70	383	253
2002 - 2007						
New Owner-Occ. Housing						
By Value (%)						
Undefined Value	7.79%	15.88%	18.19%	14.79%	10.23%	14.50%
< \$50,000	-117.49%	-245.09%	-139.09%	-1022.49%	-19.70%	-160.13%
\$50,000 to \$74,999	-80.81%	-112.32%	-55.23%	332.54%	-37.21%	-106.10%
\$75,000 to \$99,999	61.96%	42.09%	28.19%	324.85%	4.03%	108.90%
\$100,000 to \$149,999	105.53%	212.12%	134.43%	289.94%	93.58%	161.12%
\$150,000 to \$199,999	35.89%	92.70%	54.24%	75.15%	32.75%	55.85%
\$200,000 to \$299,999	58.80%	65.98%	44.01%	66.86%	12.08%	20.59%
\$300,000 to \$499,999	22.91%	22.48%	13.80%	11.83%	3.92%	4.28%
\$500,000 >	5.42%	6.16%	1.45%	6.51%	0.33%	0.99%
Total Owner-Occ. Housing Units	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2002 - 2007						
New Housing Units						
By Units in Structure (#)						
Single Detached Unit	618	8,151	1,676	310	363	493
Single Attached Unit	10	135	-4	0	13	12
Structures w/ 2 Units	-5	-120	68	20	33	-6
Structures w/ 3-4 Units	40	117	145	13	68	40
Structures w/ 5-9 Units	72	510	128	22	34	72
Structures w/ 10-19 Units	29	205	40	8	7	29
Structures w/ 20-49 Units	3	157	0	-8	-1	3
Structures w/ 50+ Units	0	-28	-8	0	-8	0
Mobile Homes/Trailers or Other	10	473	76	31	8	13
Total Housing Units	777	9,602	2,122	394	517	656
2002 - 2007						
New Housing Units						
By Units in Structure (%)						
Single Detached Unit	79.61%	84.89%	78.97%	78.65%	70.32%	75.22%
Single Attached Unit	1.29%	1.41%	-0.20%	0.11%	2.58%	1.84%
Structures w/ 2 Units	-0.70%	-1.25%	3.22%	4.97%	6.29%	-0.89%
Structures w/ 3-4 Units	5.10%	1.22%	6.83%	3.17%	13.15%	6.04%
Structures w/ 5-9 Units	9.28%	5.32%	6.03%	5.50%	6.61%	10.99%
Structures w/ 10-19 Units	3.70%	2.14%	1.88%	1.90%	1.29%	4.38%
Structures w/ 20-49 Units	0.43%	1.64%	0.02%	-2.11%	-0.24%	0.51%
Structures w/ 50+ Units	0.00%	-0.29%	-0.35%	0.00%	-1.45%	0.00%
Mobile Homes/Trailers or Other	1.29%	4.93%	3.59%	7.82%	1.45%	1.91%
Total Housing Units	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2002 - 2007						
Total Housing Unit Change						
Owner-Occupied Housing Units	369	6,814	1,262	70	383	253
Renter-Occupied Housing Units	318	-323	562	175	134	309
Vacant Housing Units	90	3,111	298	145	0	94
Total Housing Units	777	9,602	2,122	390	517	656

TABLE 16. (CONTINUED)	CITY OF TROY, OHIO MARKET STUDY					
	2002-2007 HOUSING INVENTORY CHANGE PROJECTIONS					
Demographic Measure	Area					
	Concord Twp.	Dayton MSA	Miami County	Piqua City	Tipp City	Troy City
2002 - 2007 (Lower Limit)						
Total Household Change	367	1,746	1,404	235	207	236
Owner-Occupied Housing Units	197	1,833	971	67	153	106
Renter-Occupied Housing Units	170	-87	433	168	54	130
Vacant Housing Units	48	837	229	139	0	40
Total Housing Units	415	2,583	1,633	374	207	276
2002 - 2007 (Lower Limit)						
New Owner-Occ. Housing	197	1,833	971	67	153	106
By Value (\$)						
Undefined Value	15	291	177	10	16	15
< \$50,000	-232	-4,492	-1,351	-689	-30	-170
\$50,000 to \$74,999	-159	-2,059	-537	224	-57	-113
\$75,000 to \$99,999	122	772	274	219	6	116
\$100,000 to \$149,999	208	3,888	1,306	196	143	171
\$150,000 to \$199,999	71	1,699	527	51	50	59
\$200,000 to \$299,999	116	1,209	427	45	19	22
\$300,000 to \$499,999	45	412	134	8	6	5
\$500,000 >	11	113	14	4	1	1
Total Owner-Occ. Housing Units	197	1,833	971	67	153	106
2002 - 2007 (Lower Limit)						
New Housing Units	415	2,583	1,633	374	207	276
By Units in Structure (%)						
Single Detached Unit	330	2,193	1,290	294	145	207
Single Attached Unit	5	36	-3	0	5	5
Structures w/ 2 Units	-3	-32	53	19	13	-2
Structures w/ 3-4 Units	21	31	112	12	27	17
Structures w/ 5-9 Units	39	137	98	21	14	30
Structures w/ 10-19 Units	15	55	31	7	3	12
Structures w/ 20-49 Units	2	42	0	-8	-1	1
Structures w/ 50+ Units	0	-7	-6	0	-3	0
Mobile Homes/Trailers or Other	5	127	59	29	3	5
Total Housing Units	415	2,583	1,633	374	207	276

D. Competitive Supply

Table 17. through Table 20., detail the historical and current mobility of the resident households in the City of Troy and its environs along with future projections. Table 20., analyzes the estimated annual housing market in numbers of units of owner-occupied and rental housing that may enter the market on an annual basis given the mobility of resident households in the past. Approximately 19% of the resident households are projected to move in any given twelve-month period. The actual numbers of households that will move in any given twelve-month period fluctuates based on housing availability, interest rates, rental rates, and general economic conditions. Regardless, of periodic fluctuations of mobility, the annual market for housing in the City of Troy is projected to be slightly less than 1,800 units per year. The rental housing market is projected to comprise approximately 85% of the total annual housing volume. The remaining 15% of annual housing volume is projected to come from sales of owner-occupied residences. Based on the number of housing units that comprise the housing market in the City of Troy, approximately 39% of the rental units and 4% of the owner-occupied units will enter the market on an annual basis. Another way of stating the household mobility in the marketplace is that rental households stay in one place for approximately two and one-half years while owner-occupants stay in one place for approximately twenty-five years. All indications are that the owner-occupied segment of the local housing market is comprised of relatively stable, long-term, residents. The velocity of the rental market appears to be comparable to the general market in the region and may be less transient than some sub-markets in the Dayton-Springfield MSA.

TABLE 17.		CITY OF TROY, OHIO MARKET STUDY									
1990 HOUSEHOLD MOBILITY											
Geographic Area	Concord Township			Dayton-Springfield MSA		Miami County		Piqua City		Tipp City	
1990 Households	9,319		364,300		34,559		7,753		2,470		
Years in Unit	Households	HH Percent	Households	HH Percent	Households	HH Percent	Households	HH Percent	Households	HH Percent	
1	1,708	18.3%	70,552	19.4%	5,394	15.6%	1,390	17.9%	513	20.8%	
2											
3											
4											
5	2,715	29.1%	102,633	28.2%	9,397	27.2%	2,097	27.0%	812	32.9%	
Cumulative %		47.5%		47.5%		42.8%		45.0%		53.6%	
6											
7											
8											
9											
10	1,234	13.2%	46,308	12.7%	4,237	12.3%	937	12.1%	316	12.8%	
Cumulative %		60.7%		60.3%		55.1%		57.1%		66.4%	
11											
12											
13											
14											
15											
16											
17											
18											
19											
20	1,735	18.6%	71,308	19.6%	7,543	21.8%	1,552	20.0%	371	15.0%	
Cumulative %		79.3%		79.8%		76.9%		77.1%		81.5%	
21											
22											
23											
24											
25											
26											
27											
28											
29											
30	1,927	20.7%	73,499	20.2%	7,898	22.9%	1,777	22.9%	458	18.5%	
Cumulative %	9,319	100.0%	364,300	100.0%	34,469	99.7%	7,753	100.0%	2,470	100.0%	

TABLE 18.		CITY OF TROY, OHIO MARKET STUDY								
2002 HOUSEHOLD MOBILITY										
Geographic Area	Concord Township		Dayton-Springfield MSA		Miami County		Piqua City		Tipp City	
2002 Households	10,967		379,879		38,937		8,351		3,711	
Years in Unit	Households	HH Percent	Households	HH Percent	Households	HH Percent	Households	HH Percent	Households	HH Percent
1	1,941	17.7%	72,722	19.1%	6,028	15.5%	1,447	17.3%	760	20.5%
2										
3										
4										
5	3,303	30.1%	108,461	28.6%	10,713	27.5%	2,245	26.9%	1,189	32.0%
Cumulative %		47.8%		47.7%		43.0%		44.2%		
6										
7										
8										
9										
10	1,503	13.7%	48,179	12.7%	4,933	12.7%	1,003	12.0%	487	13.1%
Cumulative %		61.5%		60.4%		55.7%		56.2%		
11										
12										
13										
14										
15										
16										
17										
18										
19										
20	2,061	18.8%	75,110	19.8%	8,594	22.1%	1,728	20.7%	668	18.0%
Cumulative %		80.3%		80.1%		77.7%		76.9%		
21										
22										
23										
24										
25										
26										
27										
28										
29										
30	2,159	19.7%	75,407	19.9%	8,669	22.3%	1,928	23.1%	607	16.4%
Cumulative %	10,967	100.0%	379,879	100.0%	38,937	100.0%	8,351	100.0%	3,711	100.0%

TABLE 19. CITY OF TROY, OHIO MARKET STUDY							
FIVE-YEAR HOUSEHOLD MOBILITY PROJECTIONS							
Concord Township							
Year	Households	Change	Change %	Change Index	C.M. Factor	Adjusted C.M.F.	Mobile HH
1990	9,341				47.50%		
2002	10,967	1,626	17.41%	1.1741	47.80%	40.71%	
2007	11,293	326	2.97%	1.0297	47.65%	46.27%	
02-'07							5,226
Dayton-Springfield MSA							
Year	Households	Change	Change %	Change Index	C.M. Factor	Adjusted C.M.F.	Mobile HH
1990	364,304				47.50%		
2002	379,879	15,575	4.28%	1.0428	47.70%	45.74%	
2007	381,625	1,746	0.46%	1.0046	47.60%	47.38%	
02-'07							180,822
Miami County							
Year	Households	Change	Change %	Change Index	C.M. Factor	Adjusted C.M.F.	Mobile HH
1990	34,566				42.80%		
2002	38,937	4,371	12.65%	1.1265	43.00%	38.17%	
2007	40,341	1,404	3.61%	1.0361	42.90%	41.41%	
02-'07							16,704
Piqua City							
Year	Households	Change	Change %	Change Index	C.M. Factor	Adjusted C.M.F.	Mobile HH
1990	7,955				45.00%		
2002	8,351	396	4.98%	1.0498	44.20%	42.10%	
2007	8,586	235	2.81%	1.0281	44.60%	43.38%	
02-'07							3,725
Tipp City							
Year	Households	Change	Change %	Change Index	C.M. Factor	Adjusted C.M.F.	Mobile HH
1990	2,773				53.60%		
2002	3,711	938	33.83%	1.3383	52.50%	39.23%	
2007	3,918	207	5.58%	1.0558	53.05%	50.25%	
02-'07							1,969
Troy City							
Year	Households	Change	Change %	Change Index	C.M. Factor	Adjusted C.M.F.	Mobile HH
1990	7,819				47.80%		
2002	8,997	1,178	15.07%	1.1507	48.10%	41.80%	
2007	9,233	236	2.62%	1.0262	47.95%	46.72%	
02-'07							4,314

TABLE 20. CITY OF TROY, OHIO MARKET STUDY							
ANNUAL HOUSEHOLD MOBILITY PROJECTIONS							
Concord Township							
Year	Households	Change	Change %	Change Index	C.M. Factor	Adjusted C.M.F.	Mobile HH
1990	9,341				18.33%		
2002	10,967	1,626	17.41%	1.1741	17.70%	17.45%	
2007	11,293	326	2.97%	1.0297	18.02%	17.91%	
Estimated Annual Housing Market							2,022
Owner	7,344						443
Renter	3,949						1,580
Dayton-Springfield MSA							
Year	Households	Change	Change %	Change Index	C.M. Factor	Adjusted C.M.F.	Mobile HH
1990	364,304				19.37%		
2002	379,879	15,575	4.28%	1.0428	19.14%	19.07%	
2007	381,625	1,746	0.46%	1.0046	19.26%	19.24%	
Estimated Annual Housing Market							73,414
Owner	259,238						24,460
Renter	122,387						48,955
Miami County							
Year	Households	Change	Change %	Change Index	C.M. Factor	Adjusted C.M.F.	Mobile HH
1990	34,566				15.61%		
2002	38,937	4,371	12.65%	1.1265	15.48%	15.32%	
2007	40,341	1,404	3.61%	1.0361	15.55%	15.43%	
Estimated Annual Housing Market							6,226
Owner	29,122						1,739
Renter	11,219						4,488
Piqua City							
Year	Households	Change	Change %	Change Index	C.M. Factor	Adjusted C.M.F.	Mobile HH
1990	7,955				17.93%		
2002	8,351	396	4.98%	1.0498	17.33%	17.26%	
2007	8,586	235	2.81%	1.0281	17.63%	17.53%	
Estimated Annual Housing Market							1,505
Owner	5,341						207
Renter	3,245						1,298
Tipp City							
Year	Households	Change	Change %	Change Index	C.M. Factor	Adjusted C.M.F.	Mobile HH
1990	2,773				20.77%		
2002	3,711	938	33.83%	1.3383	20.48%	19.92%	
2007	3,918	207	5.58%	1.0558	20.63%	20.40%	
Estimated Annual Housing Market							799
Owner	2,633						285
Renter	1,285						514
Troy City							
Year	Households	Change	Change %	Change Index	C.M. Factor	Adjusted C.M.F.	Mobile HH
1990	7,819				19.57%		
2002	8,997	1,178	15.07%	1.1507	19.04%	18.80%	
2007	9,233	236	2.62%	1.0262	19.31%	19.20%	
Estimated Annual Housing Market							1,773
Owner	5,473						269
Renter	3,760						1,504

E. Supply and Demand Balance

Current and projected vacancy rates suggest that the local housing market is in a relatively stable supply and demand balance. Vacancy rates are projected to increase by approximately 10% over the next five years from 6.09% to 6.62%. This increase is not extraordinary based on the data and appears to be reflective of the overall age composition of the housing inventory in the City of Troy. However, it must be noted that a projected increase in vacancies is indicated on the basis of current trends. All of the other jurisdictions that have been selected for context and comparison to the City of Troy are projected to experience increases in the number of vacant housing units in the inventory with the exception of Tipp City. The rate of change projected in the City of Troy exceeds the rate of change for Concord Township, including areas within the

City of Troy, and is only slightly above the rate of change for Miami County, in general. As suggested above, the age of the inventory in the City of Troy is expected to contribute to the vacancy increase between now and 2007. Given the age composition of the housing inventory it is expected that some units will simply wear out, although they may not be demolished. Nuisance abatement and removal of abandoned housing units can be an effective way of removing uninhabitable housing from the landscape while helping to reduce the actual percentage of housing vacancy in the City. Proactive reductions of obsolete housing inventory can serve to preserve housing values in the affected neighborhoods and remove attractive nuisances that can harbor crime and delinquency. Additionally, the community can create sites for in-fill housing that can be used to enhance housing values and increase home ownership in the affected neighborhoods.

F. Market Share and Competition

The housing market in the City of Troy appears to be capable of continued growth in the future, based on the data analyzed. However, the availability of land for residential development may not enable the City to achieve the projected unit growth estimated above. While there appears to be undeveloped land in the City, a number of natural and manmade constraints could make development of these land areas infeasible. The housing indicators discussed above suggest that the housing market in the City of Troy should continue to grow over the next several years. Should constraints preclude any significant housing growth in the future, the effects on the existing housing inventory and housing demand can represent both positive and negative indicators for the long-term. Among the positive effects in the near-term, assuming that housing demand follows the trends analyzed in the data, are increasing prices in real terms, and increased interest in older, established homes in the City. There could be several negative effects on the housing market as well. Increased prices could entice more home owners to sell and move than has been typical in past years. There would be limited opportunities to introduce fresh inventory to the overall composition of housing in the City increasing the average of the existing inventory. Younger home buyers may be unable to purchase homes in the City if prices escalate significantly.

Based on the data analyzed above, it appears that the City of Troy should be able to maintain its attractiveness in the local housing market in the future. However, this observation does assume that new inventory can be added to the overall mix of housing that is available in the City in the next several years. The percentage of rental households may present some concerns for overall housing values, especially in regard to the conversion freestanding, single-family housing units to rental occupancy in the future. The rental occupancy concern notwithstanding, it appears that the City of Troy can maintain its competitive position regarding housing over the next several years.

G. Observations Regarding the Study Area

The housing market in the City of Troy is projected to grow between now and 2007. The number of housing units that may be added to the City's inventory ranges between 276 units and 656 units depending on the data sources. This represents an increase ranging between 3% and 7% in the number of housing units in the City. The estimated housing inventory growth appears to outpace the projected population growth rate and household growth rate in the City.

The occupancy styles of the households in the City strongly suggests that a significant percentage of the freestanding, single family residences in the City may have been converted to rental housing. The percentage of conversions may be as high as 20% of the inventory. This appears to be indicative of a potential housing issue with regard to the preservation and enhancement of the current inventory of single-family homes. In addition, the percentage of households living in rental housing is expected to increase between now and 2007. Should this projection be realized, it is likely that more single-family homes will enter the rental market.

The majority of new units projected to be introduced to the housing market between now and 2007 are freestanding, single-family residences. Approximately 75% of the anticipated new inventory is expected to be single-family homes. Of course, the City must have land that can accommodate housing growth in order for this projection to be realized.

Competitively, the market appears to be reasonably stable, now and in the future, regarding housing supply and demand. Housing values are projected to grow based on the continuation of current trends. Approximately 75% of the housing inventory is projected to be valued at \$75,000 or greater by 2007. Areas in close proximity to the City of Troy are projected to share in the housing growth in the future. These areas reflect similar characteristics to those of the City of Troy in the future. In general, the housing market in the City of Troy and its environs appears to be competitively well positioned for growth in the time period between now and 2007.

VIII. THE MARKET FOR OFFICE AND INDUSTRIAL SPACE

A. The Inventory

The inventory of office and industrial space in the City of Troy must be estimated anecdotally from employment indicators and judgment regarding the composition of businesses in the community. The Miami County Auditor's electronic records are incomplete with regard to the sizes of many buildings currently on the tax roles. There is no question that the lack of public record data precludes correlation of the analyst's estimates and weakens the overall quality of the analysis, but there is no other choice than to base the observations made in this section on the indirect indications of the magnitude of the existing space inventory.

Field observations suggest that employment data from the market will probably result in an underestimate of the office and industrial space on the landscape in the City of Troy. This observation is based on the number of apparently underutilized and obsolescent structures that have been observed. Most frequently these structures are older, multistory, buildings that do not appear to be occupied above the first floor, if occupied at all. These structures do not represent good, functional, inventory for the future, but may represent a redevelopment problem for the public sector to correct at some point in time. Redevelopment sites of this nature must be identified because their redevelopment may create the only inventory of developable sites for office and industrial uses in the City in the future.

For purposes of this analysis, the inventory of industrial and office space will be estimated in the aggregate and then split on the basis of categories of employment. Some categories of employment have been excluded from the basis of the calculations because the employment categories are not directly related to building space or because the categories are more properly grouped in the retail segment of the employment market. In this analysis employment in agriculture, construction, retail, and entertainment/recreation services have been excluded from the employment base. The basis of the initial space estimation will be predicated on the typical employment density experienced in mixed use industrial and office parks. This employment density ranges between 2.1 persons and 2.4 persons per thousand square feet of gross floor space. This basis of estimation will tend to overestimate the actual square footage of office space in the inventory and underestimate the industrial/warehouse square footage in the market. The warehouse component is typically the most underestimated when correlating square footage of space to employment. This is due to the wide range of products that can be warehoused in any given community. High value – low volume products may take a relatively small amount of space as compared to employment while low value – high volume products may take extraordinary amounts of square footage to accommodate. The City of Troy has a large percentage of its employment base in the wholesale segment of industry. This concentration tends to accentuate the likelihood that employment underestimates the amount of industrial square footage in the local market.

Approximately 19,917 persons are employed in office and industrial space based businesses and industries located in the City of Troy, today. This compares to a resident workforce in the included categories of business and industry of approximately 8,097. Therefore, approximately 11,820 non-residents work in Troy based businesses. This makes Troy an employment hub

relative to other communities in Miami County and in the Dayton-Springfield MSA. The relative magnitude of Troy as an employment center can be observed in Table 21., below. Troy exhibits an employment ratio of 1.69:1 relative to residents in the workforce. This concentration of employment directly influences the amount of office and industrial space that comprises the inventory in the City of Troy.

TABLE 21.		CITY OF TROY, OHIO MARKET STUDY				
SUMMARY EMPLOYMENT ANALYSIS						
JURISDICTION	Dayton MSA	Miami County	Troy City	Piqua City	Tipp City	
EMPLOYMENT						
All Industries	539,035	61,584	23,471	9,928	5,716	
Employed Residents	446,181	49,208	10,805	9,498	4,790	
Employed Non-Residents	92,854	12,376	12,666	430	926	
Total/Resident Employment Ratio	1.21	1.25	2.17	1.05	1.19	
Employed Residents	446,181	49,208	10,805	9,498	4,790	
Total Population	944,298	99,343	22,003	20,725	9,388	
Employment Percent	47.25%	49.53%	49.11%	45.83%	51.02%	
Employed Residents	446,181	49,208	10,805	9,498	4,790	
Total Households	379,879	38,937	8,997	8,351	3,711	
Employment Ratio	1.17	1.26	1.20	1.14	1.29	
EMPLOYMENT BASE						
All Industries	539,035	61,584	23,471	9,928	5,716	
All Manufacturing	96,796	16,097	5,809	3,070	1,678	
All Retailing	106,124	10,527	2,773	2,372	2,000	
All Construction & Trades	20,708	2,333	413	415	170	
Wholesale Non-Durable Goods	5,758	788	326	82	41	
Wholesale Durable Goods	15,530	3,249	1,951	319	42	
All Industries	100.00%	100.00%	100.00%	100.00%	100.00%	
All Manufacturing	17.96%	26.14%	24.75%	30.92%	29.36%	
All Retailing	19.69%	17.09%	11.81%	23.89%	34.99%	
All Construction & Trades	3.84%	3.79%	1.76%	4.18%	2.97%	
Wholesale Non-Durable Goods	1.07%	1.28%	1.39%	0.83%	0.72%	
Wholesale Durable Goods	2.88%	5.28%	8.31%	3.21%	0.73%	
EMPLOYER BASE						
All Industries	36,168	3,937	1,112	834	424	
All Manufacturing	2,553	358	85	81	39	
All Retailing	7,165	763	199	201	89	
All Construction & Trades	2,346	352	59	64	22	
Wholesale Non-Durable Goods	299	41	8	5	4	
Wholesale Durable Goods	1,100	127	26	30	7	
All Industries	100.00%	100.00%	100.00%	100.00%	100.00%	
All Manufacturing	7.06%	9.09%	7.64%	9.71%	9.20%	
All Retailing	19.81%	19.38%	17.90%	24.10%	20.99%	
All Construction & Trades	6.49%	8.94%	5.31%	7.67%	5.19%	
Wholesale Non-Durable Goods	0.83%	1.04%	0.72%	0.60%	0.94%	
Wholesale Durable Goods	3.04%	3.23%	2.34%	3.60%	1.65%	

Using the employment density ratios cited above, the inventory of office and industrial space estimated to comprise the inventory in the City of Troy ranges from 8,300,000 square feet to 9,500,000 square feet, rounded to the nearest 100,000 square feet. Of this space, approximately 4,500,000 square feet to approximately 5,100,000 square feet should comprise the office segment of the total space inventory. This may appear to be a large portion of the overall office and

industrial space inventory, but it does include professional and related services, which include all of the medical, dental and optical professions. These categories of employment tend to require an atypically large amount of square footage per employee as a function of specialized space requirements and the volume of patients seen during the course of a normal business day. Note that the timing of the last Census of Business in 1997 may have included a hospital that is now closed. This adjustment has not been made in the data, but could alter the “Professional and Related Services” segment of employment in the City by a substantial amount. Unfortunately, the square footage needed to support the level of employment indicated in Table 22., below remains on the landscape in the City. For space estimation purposes, leaving the employment data as observed is more accurate regarding the space inventory.

By elimination, the amount of industrial/warehouse square footage in the City’s inventory comprises approximately 3,800,000 square feet to 4,400,000 square feet. As stated above, the wholesale employment component of the City’s overall employment base suggests that this inventory may be underestimated.

B. The Market

The market for office and industrial space is based on projections of employment growth and the nature of the businesses and industries that may be poised to expand. For purposes of the projections in this section, employment forecasted in the “Professional and Related Services” segment of the employment market will be excluded from consideration since the relocation of the hospital to a new campus outside of the City will blunt much of the projected growth resulting from this category of jobs in the City. Based on the specific exclusion cited herein and reminding the reader of the specific employment categories eliminated above, City based employment growth between now and 2007 is estimated to comprise approximately 602 office and industrial jobs. Of course, employment expansion may not be directly tied to space growth. However, the employment numbers observed were measured in a relatively strong economic period. It will be assumed that the economic conditions at the time of the last business census are correlated to the efficient use of facilities. Therefore, employment growth will be used to directly estimate a range of new space needed to accommodate the increased number of workers in Troy based businesses. There is one other significant caveat that must be observed before translating structural needs into potential land area needs in the market. Most employment expansions will originate from existing business expansions rather than new business introductions into the market. Expanding businesses may need to add to their buildings, but they probably already have enough land to enable expansion without the need to add to their sites. Employment growth, estimated above, translates into additional office and industrial square footage ranging from 250,000 square feet to 290,000 square feet. Employment growth projections are contained in Table 22., on the following page.

C. Future Demand

Of the employment growth projected, only 88 jobs are forecasted for employment categories requiring office space, specifically excluding the “Professional and Related Services” fields. The estimated employment growth only indicates a need for between 35,000 square feet and 45,000 square feet of office space. Of total job growth forecasted above, approximately 514 jobs may be created in the industrial segment of the market. Through the process of elimination, industrial space growth is reduced to between 215,000 square feet and 245,000 square feet of additional space.

Calculating the estimated space growth needs between new businesses and industries versus growth among existing businesses and industries provides some indication of the need for industrial and office land for future growth. For purposes of this allocation, it is assumed that 85% of future employment growth will come from existing businesses and industries while 15% of future employment growth will come from new businesses and industries. Of course, the estimates contained herein assume that the trends suggested by the data analyzed will continue without significant changes in the future. In addition, the growth numbers estimated above are projected on the basis of existing employment sources in the marketplace today; in essence, 85% of projected future growth. Based on the assumptions stated above, new businesses requiring new office space may require space in an estimated range between 7,000 square feet and 8,000 square feet of space. New industries may require new industrial space in a range between 35,000 square feet and 40,000 square feet. New office land needs, based on a 4:1 land-to-building ratio, range between 0.65 acre and 0.75 acre, in round numbers. New industrial land needs, based on a 6:1 land-to-building ratio, range between 5.00 acres and 5.50 acres, in round numbers.

While there are indications that employment growth will occur in the City of Troy between now and 2007, there are always risks that will alter the eventual realization of these projections. Certainly, industry shifts to offshore sources of production have been significant in the local and national markets. These structural shifts along with the implementation of technological replacements for employees are two significant risks to employment growth. Some industries are better positioned to grow in the future while other segments of the industrial and office markets are likely to suffer employment reductions from the sources identified above. In general, precision manufacturing, advanced materials, high technology machinery and equipment, computer and electronic equipment manufacturers, and information technology based businesses are the most likely to see expansion in the future. The City of Troy appears to be well positioned to take advantage of growth in these industrial categories based on a review of the City’s current sources of employment. Employment comparisons with the Dayton-Springfield MSA and selected subsets of the metropolitan market suggest some of the differences in employment distribution in Troy versus the larger local market. Although not included in Table 23., below, a review of major industries grouped by SIC codes strongly suggests that Troy already has a core of employers in the SIC categories that fit the description of industry groups that should see significant growth as a result of the transition to a new economy.

TABLE 23.	CITY OF TROY, OHIO MARKET STUDY				
METROPOLITAN MARKET SUMMARY EMPLOYMENT ANALYSIS					
JURISDICTION	Dayton-Springfield MSA	Miami County	Montgomery County	City of Dayton	City of Troy
EMPLOYMENT					
All Industries	539,035	61,584	337,121	119,874	23,471
Employed Residents	446,181	49,208	261,134	64,346	10,805
Employed Non-Residents	92,854	12,376	75,987	55,528	12,666
Total/Resident Employment Ratio	1.21	1.25	1.29	1.86	2.17
Employed Residents	446,181	49,208	261,134	64,346	10,805
Total Population	944,298	99,343	552,242	162,418	22,003
Employment Percent	47.25%	49.53%	47.29%	39.62%	49.11%
Employed Residents	446,181	49,208	261,134	64,346	10,805
Total Households	379,879	38,937	228,031	66,242	8,997
Employment Ratio	1.17	1.26	1.15	0.97	1.20
EMPLOYMENT BASE (PEOPLE)					
All Industries	539,035	61,584	337,121	119,874	23,471
All Manufacturing	96,796	16,097	56,987	18,167	5,809
All Retailing	106,124	10,527	62,540	13,327	2,773
All Construction & Trades	20,708	2,333	13,100	4,428	413
Wholesale Non-Durable Goods	5,758	788	2,512	1,019	326
Wholesale Durable Goods	15,530	3,249	10,497	3,316	1,951
All Industries	100.00%	100.00%	100.00%	100.00%	100.00%
All Manufacturing	17.96%	26.14%	16.90%	15.16%	24.75%
All Retailing	19.69%	17.09%	18.55%	11.12%	11.81%
All Construction & Trades	3.84%	3.79%	3.89%	3.69%	1.76%
Wholesale Non-Durable Goods	1.07%	1.28%	0.75%	0.85%	1.39%
Wholesale Durable Goods	2.88%	5.28%	3.11%	2.77%	8.31%
EMPLOYER BASE (COMPANIES)					
All Industries	36,168	3,937	22,462	7,043	1,112
All Manufacturing	2,553	358	1,617	613	85
All Retailing	7,165	763	4,316	1,184	199
All Construction & Trades	2,346	352	1,274	328	59
Wholesale Non-Durable Goods	299	41	189	52	8
Wholesale Durable Goods	1,100	127	762	212	26
All Industries	100.00%	100.00%	100.00%	100.00%	100.00%
All Manufacturing	7.06%	9.09%	7.20%	8.70%	7.64%
All Retailing	19.81%	19.38%	19.21%	16.81%	17.90%
All Construction & Trades	6.49%	8.94%	5.67%	4.66%	5.31%
Wholesale Non-Durable Goods	0.83%	1.04%	0.84%	0.74%	0.72%
Wholesale Durable Goods	3.04%	3.23%	3.39%	3.01%	2.34%

Future employment growth is important, but real employment growth also says a great deal about employment retention. Much of Troy's employment base is located in relatively new quarters. However, there are some significant employers that are located in older facilities that appear to be underutilized. These employers are not locally controlled. The decision to retain these locations in the future may be made at a corporate headquarters in a remote location to Troy. Closure decisions will be made on the basis of relative costs of operation, exclusively. Employers that fit this general description should be regarded as "at risk". Efforts should be made to proactively determine these companies' future needs and reduce the burden of obsolescent infrastructure before its results in plant closures.

The observations, above, regarding industries that could be at risk are important considerations for the City of Troy. The employment base in the City and the employment concentration of City residents is significantly skewed to the manufacturing segments of industry. With the concentration of employment and the dependence of residents on the health of manufacturing industries, facilities obsolescence has to be treated as a significant risk to the stability of the employment base in the future. In addition, the manufacturing segment of industry has been particularly sensitive to offshore production shifts and technological replacements for employees. These factors can influence future employment even if the manufacturing facilities themselves are relatively modern.

D. Competitive Supply

The City of Troy does not have a significant amount of land for future industrial or office expansion. However, the general market appears to have more than ample alternatives for industrial and office growth. A relatively small inventory of land may not be a problem if holding costs are considered in the overall costs of industrial and office park development. The amount of land absorbed for industrial and office growth in recent years in the general marketplace has been a small fraction of the acreage offered for sale in numerous publicly and privately developed parks in the general vicinity. Thus, the holding costs to keep competitive alternatives in the marketplace have been significant.

Redevelopment opportunities could expand the inventory of office and industrial sites in the City of Troy, but there does not appear to be a current alternative on the landscape that could attract a large-scale user or, possibly, multiple users. The decision to develop such an industrial park is as much a function of public policy as it is a response to the market. Based on the estimates projected above there does not appear to be an immediate need for large amounts of office or industrial ground. The exception to this statement is based on the amount of additional expansion that can be accommodated on the existing sites of the City's current businesses and industries. If many of the current sites cannot accommodate expansion, then a large office/industrial park may be needed to defend against the possible loss of businesses and industries as a function of their success and growth coupled with the City's inability to find sites, in the City, to accommodate growth.

E. Supply and Demand Balance

Observations regarding the supply and demand balance for office and industrial space are constrained by the lack of good, existing, space data from the public record. A general observation can be made, that modern, functional office and industrial space appears to be at or near a stabilized occupancy level in the local market. Current economic times can swell the inventory of vacant space in the short term, but there does not appear to be a glut of office or industrial space in the local market at this time. Older, obsolescent, office and industrial space does exist in the local marketplace today. However, much of this space appears to be under the control of corporate or business owners and not available in the general rental or sale markets today. Even if offered for sale or lease, much of this older, obsolescent space would not be a competitive factor for the majority of potential owners or renters in the office and industrial markets in Troy, now or in the future.

Essentially, the City of Troy does not have an extensive inventory of office or industrial land nor does it have an extensive inventory of existing, modern office or industrial space. The current market appears to be in balance, but the expansion of the economy in the future could leave the City in a condition of undersupply of land and existing, modern space for office and industrial growth.

F. Market Share and Competition

As stated above, an economic expansion could leave Troy in short supply of office and industrial land and existing, modern space. This could inhibit the City from retaining its competitive position in a local market in which competition appears to be intensifying. Competitive venues south of Troy located on Interstate Routes 70 and 75 have taken active steps to expand their inventories of market ready office and industrial land in recent years. Redevelopment of “brown field” sites in the City of Dayton is adding a new dimension to the competition for industrial companies in the general marketplace.

Projected improvements to I-75 and the I-70/75 interchange over the next several years will enhance a number of communities’ access to this significant highway corridor. With highway improvements and the continued absorption of competitive office and industrial land areas south of Troy along the I-75 corridor, it must be assumed that locations north of Troy will enjoy an enhanced competitive position in the future.

Employment projections are included in Table 24., on the following page, that review the outlook for the Dayton-Springfield MSA and some selected subsets as compared to the City of Troy.

The conclusion with regard to the observations made above is that the City of Troy must expect to compete in a more intense competitive environment in the future. The City must form competitive strategies on two fronts. First, the City must develop and maintain strategies to retain and expand existing businesses and industries in the future. The best way to position the City to retain its existing businesses and industries is through communication and information. The two parts of the retention strategy mean that there should be a defined, ongoing business and industrial calling effort. Some communities lose opportunities to retain businesses because they do not communicate with their businesses and the business operators do not know the person to contact in government when they need help to expand. Knowing the person to contact when expansion or change is on the horizon is often a city’s most critical prerequisite step to business retention. The information part of the strategy simply means that the City must know its businesses, their needs and their potential problems. The more information that the City has on file regarding its businesses and industries, the less that City officials will have to learn about a business or industry when a need arises. Response timelines could be short in the effort to retain a business or industry. This small amount of time cannot be consumed on research into a company’s history and current operations; the time must be spent on formulating proposals to keep the company in town.

Second, the City must aggressively make it known that it wants more businesses and industries to locate in town. This strategy focuses on business attraction. Of the two strategic focuses, this strategy will probably be the most competitive and produce fewer visible rewards for the time and effort spent. Business attraction can take multiple forms. Some communities are focused on knowing the businesses and industries of neighboring communities better than these companies’ home communities know them. Following this strategy, a city may be able to capture expanding companies from neighboring communities before the neighboring communities know that they have needs. Even if this strategy appears distasteful to the City of Troy, it must be a strategy that the City works to defend against (see the paragraph above). A second alternative business

attraction strategy is to identify the “customer” companies that are already in town and explore the need to locate suppliers, subcontractors or related businesses in close proximity. Trends in business and industry suggest that growth of key industries in the future will demand that interrelated companies be located in close proximity to enhance overall efficiencies. Finally, a business attraction strategy can be delegated to an individual or entity that does nothing but look for possible business and industrial candidates that fit into the fabric of the labor pool and existing business and industrial base of the community. This strategy is not dissimilar to the strategy cited above. However, it delegates the function to an individual or entity that may not be a City employee. Essentially, a portion of the Economic Development function may be outsourced to an individual or entity that concentrates exclusively on matching companies to locations that can deliver operating efficiencies that translate into cost savings or market expansions, or both.

The point of the discussion above is that the City of Troy must be prepared to defend its existing business and industrial base from other competitive communities and it must focus on business attraction at the same time. The competitive is projected to intensify and several competitive communities may be better positioned regarding market ready inventories of land and existing, modern office and industrial structures.

G. Observations Regarding the Study Area

The data suggests that the City of Troy should experience employment growth of approximately 3% to 4% in the office and industrial segments of the market between now and 2007. Most of this growth is believed to originate from already existing businesses and industries.

While growth is suggested on the basis of historical trends, the City’s employment and a very significant portion of the Troy, resident workforce is employed in the manufacturing segment of the City’s industrial base. This segment of employment has shown susceptibility to structural displacement from offshore relocations as well as employment reductions from the introduction of automated technologies. The City of Troy must be aware of any possible weaknesses in its manufacturing industrial employment base.

The City’s inventory of existing, modern office and industrial space appears to be at, or near, stabilized occupancy. Like many older cities, the City of Troy does have a significant component of older, functionally obsolescent, underutilized space. Much of this space is not currently available in the lease or sale markets. For most market participants this space would not represent a competitive alternative even if it were currently available for sale or lease. However, the sites occupied by these older spaces could represent redevelopment alternatives that could bolster the City’s inventory of competitive office and industrial sites in the future.

The City of Troy does not appear to have market ready sites to attract large-scale users at this time. This has been a market segment in which the City has successfully competed in the past. While employment growth projections are modest relative to existing businesses and industries, the City cannot compete for major new companies without competitive, market ready sites.

Regardless of the City's policy decisions regarding redevelopment sites or major new industrial/office parks, the competitive environment is likely to become more intense in the future. With improvements to I-75 and the I-70/75 interchange, the attractiveness of locations along the interstate corridor is likely to improve. Troy is in a competitively advantageous location with multiple highway exits in, or in close proximity to, the city.

Based on a review of the SIC codes of the employers in the City of Troy, the City appears to have positioned itself well with regard to the segments of business and industry that should grow as a function of the new economy and the implementation of technology.

IX. THE MARKET FOR RETAIL SPACE

A. The Inventory

Similar to the method by which the inventory of current office and industrial space was estimated, the inventory of retail space will be estimated. Retail employment constitutes approximately 2,770 persons as derived from the data analyzed. Based on employment densities that range from 2.1 employees to 2.4 employees per thousand square feet of retail space, the current inventory of retail space in the City of Troy is estimated to range between 1,155,000 square feet and 1,320,000 square feet. To correlate this information, the total square footage of retail space in Miami County will be estimated similarly and corroborated to an estimate taken from another for a study of the market conducted in 2001. Based on the data analyzed for this study, the total retail square footage estimated for Miami County ranges from 4,385,000 square feet to 5,015,000 square feet. The previous estimate of total square footage in Miami County was concluded at 4,400,000 square feet. The current estimate and the previous estimate correlate almost exactly based on an employment density of 2.4 employees per thousand square feet of space. Applying the employment density of 2.4 persons per thousand square feet, the City of Troy's estimated retail square footage is concluded at 1,155,000 square feet.

An additional technique for estimating space is based on annual sales per square foot. The average sales per square foot for all multi-tenant, centers, nationwide ranges from \$150 to \$300, in round numbers. Taking the midpoint of the range and applying this number to the total sales of all retail stores in Troy results in a supportable square footage estimate of 1,288,859 square feet. The retail sales numbers include the sales of auto dealers. Dealerships generate extraordinary sales figures relative to the building square footage of typical dealerships. As a result the overall estimate of retail square footage is probably overestimated. Performing the same calculation without the auto dealers sales numbers results in an estimate of approximately 1,025,000 square feet of retail space. This estimate appears to be less than actual square footage based on the employment density methodology and prior estimates. Turning the calculation around, the analyst will assume that the retail square footage is 1,155,000 square feet. Then what are average retail sales per square foot in the City of Troy? The estimate is concluded that \$200.00 represents the average retail sales per square foot, for all retail businesses in the City of Troy exclusive of auto dealers. This estimate does not appear unreasonable given the composition of the inventory including older, multi-story buildings around the square, older multi-tenant strip centers and new retail of various types adjacent to I-75. Several of the older, central city venues along with the older multi-tenant strips appear to exhibit functional obsolescence, abnormal vacancy and deferred maintenance.

Essentially, the inventory is estimated to include approximately 1,155,00 square feet of retail storeroom space.

B. The Market

Sales of retail businesses in the City of Troy total \$290,000,000 including \$59,000,000 generated by automobile dealers. The retail sales volume of both Piqua and Tipp City exceeds the sales volume of the retail merchants in the City of Troy, although there are specific companies in Piqua and Tipp City that create this disparity in the sales statistics. Based on estimates of indigenous market potential, merchants in the City of Troy sell approximately 107.7% of the local market demand. Given the merchants that have concentrated near the interchange of S.R. 41 and I-75 this is not an unexpected analytical outcome. Wal Mart and Meijer are expected to draw a sizeable portion of their consumer bases from beyond the City of Troy. In some ways the City of Troy can be regarded as the “big box retail hub” of Miami County.

Table 25., below, details the magnitude of the local market and examines the magnitude of other retail markets in Miami County along with the overall magnitude of the retail market in the Dayton-Springfield MSA.

TABLE 25. CITY OF TROY, OHIO MARKET STUDY					
SUMMARY RETAIL BUSINESS ANALYSIS					
JURISDICTION	Dayton-Springfield MSA	Miami County	Troy City	Piqua City	Tipp City
2002 Households	379,879	38,937	8,997	8,351	3,711
Average HH Income	\$57,401	\$59,018	\$49,668	\$47,799	\$58,413
2002 Total Income	\$21,805,434,479	\$2,297,983,866	\$446,862,996	\$399,169,449	\$216,770,643
Expenditure Percentage	48.00%	48.00%	48.00%	48.00%	48.00%
Expenditure Potential	\$10,466,608,550	\$1,103,032,256	\$214,494,238	\$191,601,336	\$104,049,909
52 - Bldg. Mat'ri/Garden/Mbl. Homes	\$1,047,000,000	\$278,000,000	\$29,000,000	\$22,000,000	\$176,000,000
53 - General Merchandise Stores	\$1,102,000,000	\$64,000,000	\$29,000,000	\$17,000,000	\$0
54 - Food Stores	\$2,612,000,000	\$152,000,000	\$56,000,000	\$42,000,000	\$24,000,000
55 - Auto Dealers & Serv. Stations	\$3,245,000,000	\$508,000,000	\$59,000,000	\$178,000,000	\$73,000,000
56 - Apparel and Accessory Stores	\$232,000,000	\$10,000,000	\$2,000,000	\$3,000,000	\$0
57 - Home Furniture/Equip.	\$1,497,000,000	\$239,000,000	\$14,000,000	\$18,000,000	\$5,000,000
58 - Eating and Drinking Places	\$1,749,000,000	\$164,000,000	\$63,000,000	\$34,000,000	\$21,000,000
59 - Miscellaneous Retail	\$1,910,000,000	\$108,000,000	\$38,000,000	\$24,000,000	\$14,000,000
Total Retail Sales	\$13,394,000,000	\$1,523,000,000	\$290,000,000	\$338,000,000	\$313,000,000
Market Capture	127.97%	138.07%	135.20%	176.41%	300.82%
Market Capture W/O SIC 55	96.97%	92.02%	107.70%	83.51%	230.66%
52 - Bldg. Mat'ri/Garden/Mbl. Homes	7,040	1,718	211	144	1,032
53 - General Merchandise Stores	10,107	595	267	165	4
54 - Food Stores	15,581	899	337	256	143
55 - Auto Dealers & Serv. Stations	11,086	1,741	222	666	202
56 - Apparel and Accessory Stores	3,101	137	33	46	0
57 - Home Furniture/Equip.	7,324	1,010	87	118	25
58 - Eating and Drinking Places	35,832	3,355	1,283	718	445
59 - Miscellaneous Retail	16,053	1,072	330	255	147
Total Retail Employment	106,124	10,527	2,770	2,368	1,998
52 - Bldg. Mat'ri/Garden/Mbl. Homes	396	55	13	13	4
53 - General Merchandise Stores	221	16	2	5	1
54 - Food Stores	552	54	16	16	5
55 - Auto Dealers & Serv. Stations	888	115	24	31	10
56 - Apparel and Accessory Stores	406	26	8	7	0
57 - Home Furniture/Equip.	788	78	17	22	5
58 - Eating and Drinking Places	1,743	174	54	47	20
59 - Miscellaneous Retail	2,171	245	61	57	42
Total Retail Establishments	7,165	763	195	198	87
Average Annual Sales per Square Foot	\$225.00	\$225.00	\$225.00	\$225.00	\$225.00
Supportable Square Footage	59,528,889	6,768,889	1,288,889	1,502,222	1,391,111

Piqua has a “regional mall” including the anchor tenants that are typical in a mall type of venue. There does not appear to be a market for an additional regional mall in Miami County at this time. However, the mall location in Piqua offers limited opportunities for peripheral developments. This appears to be the market niche of the City of Troy’s retail base.

Additionally, market support for Troy's retail business base is bolstered by highway service businesses and hospitality enterprises.

The retail epicenter of the City of Troy appears to be at the interchange of S.R. 41 and I-75. This location works well for Troy residents, but also serves a market well beyond the city limits of Troy.

C. Future Demand

The demographics projected in Table 6., earlier in this report suggest that average household incomes will grow in Troy in real terms of approximately 4.00% between now and 2007. Assuming that merchants in the City of Troy continue to capture approximately 107.7% of the indigenous market potential and this real growth rate is applied to the retail sales of merchants in the City of Troy then retail sales should grow to approximately \$301,600,000 in real terms. Note that it is assumed that nominal growth will not result in any expansion of the local retail market. However, the real growth of the market and retention of the indicated market penetration will result in a real increase of retail trade of \$21,600,000 between now and 2007. Based on the average retail sales per square foot calculated to be \$200 per square foot, an additional 108,000 square feet of retail space will be needed between now and 2007. This growth estimate is based on only the income trends for the population of the City of Troy. Real income growth statistics for Miami County, Concord Township, Piqua and Tipp City are all indicative of stronger real growth than the City of Troy. Therefore, projected growth of 108,000 square feet of retail space by 2007 must be regarded as a lower limit of projected potential growth.

A more detailed analysis of the market trading area is beyond the scope of this study. However, it could be expected to indicate that the gravity of the retail trade center located at the interchange of S.R. 41 and I-75 will increase over the next several years. Growth should be anticipated and efforts should be made to accommodate this growth. Efforts should also be made to redirect the land uses in other former trade centers in the City of Troy that are no longer able to capture and retain a share of the consumer market. It is the obsolescent centers on the landscape that are no longer capable of efficient use that create problems for local officials to resolve. Prohibiting the development of new, modern retail locations in a community may only serve to hasten the demise of current generation venues. It may be better to encourage the development of a single, high gravity location than to dilute the trading base over a more widespread set of destinations.

D. Competitive Supply

The supply of retail space in the Troy market appears adequate to serve the retail needs of the citizens of Troy and beyond. Certainly, the supply of space appears to be super-adequate when including the space in and near the town square and the older strip centers located near the center of town. However, these older, functionally obsolescent retail centers no longer command the attention of the major retailers in the local marketplace. Reuse and/or redevelopment of these

older retail strip centers must be considered as an alternative to allowing them to languish on the landscape for the foreseeable future.

The current generation of retail space on the landscape in the local market appears adequate to serve the needs and wants of Troy consumers and consumers from outside the City. The supply of older, obsolescent retail space in the market appears to be super-adequate to serve the needs of the consumer market in Troy. This is not an uncommon imbalance between supply and demand. However, government has only recently begun to address the need to redirect under-performing retail centers before they become a blighting influence on the landscape. Often it is the public sector that acts to bring the supply of retail space into balance with the demand for current generation retail venues.

E. Supply and Demand Balance

The supply and demand for current generation retail space appears to be in balance. In fact, projections suggest that more new retail space may be needed to satisfy real disposable income growth between now and 2007.

Unfortunately, the supply of older, existing retail space is super-adequate to meet the need of consumers in the community. In several cases the centers have lost the anchor tenants that drew consumers in the past. In other cases the centers have not been maintained and have lost their appeal to consumers. Regardless of the causal factors, several older, existing centers are in their declining years with little likelihood of regaining their attractiveness and importance to the consumers in the community. A similar situation exists at the heart of town on the square. However, initiatives have been launched to retain the historic character of the square and to promote the return of the local merchant. These efforts are always risky and the potential turnover of merchants may be high. Nevertheless, there is a niche for the local merchant to provide unique goods and services to the local population and a venue like the historic town square has proven to be the best choice for merchants that fit the unique, local market niche in Troy and other small Mid-western cities. The space in the town square comprises part of the retail space on the landscape, but it would not be considered inventory to regional or national mass merchandisers. Unfortunately, it is the early generations of shopping centers that are hard pressed to find market segments in which to compete. Many of these centers languish because their owners find it difficult to grasp that their centers no longer meet the demands of the consumer population and that the tenants who once competed for space in their centers now turn their backs on these properties. These are the retail properties that are the best candidates for adaptive reuse or redevelopment. There are two significant older centers that appear to be candidates for reuse and/or redevelopment in Troy. The first of these centers is adjacent to the interchange of S.R. 41 and I-75, and is comprised of a multiple building, multiple tenant strip center. The land area appears large enough to support a current generation retail use, but the site is cluttered with obsolete retail improvements. This center appears to be a redevelopment candidate for a current generation retail use. The second obsolete center on the landscape in Troy is north of the center of town. This center is on a local thoroughfare some distance from I-75. This center appears to be a candidate for an alternative land use. The retail market in this location has dwindled to a neighborhood convenience type of base. It appears improbable that

major retail tenants will ever occupy this center again. Redevelopment alternatives should be examined that allow for neighborhood convenience needs while freeing up most of the land occupied by the center for alternative uses.

F. Market Share and the Competition

The retail merchants located in the City of Troy appear to serve the needs and wants of consumers beyond the population of Troy itself. It appears that Troy has become the “big box” retail epicenter, or hub, of Miami County. Given income projections for Troy and its environs, the gravity of this retail hub, at the interchange of S.R. 41 and I-75 will probably intensify in the coming years. It is likely that Troy’s share of the retail market in Miami County will increase in the future as the result of this epicenter’s intensification.

Older centers will continue to languish as a function of location and/or functionally obsolete improvements. This space does not represent competitive inventory nor does it provide enough interest to find a niche market that it can accommodate.

The historic town square has found a niche in the local merchant based, specialty marketplace. The buildings around the square and in the immediate vicinity offer local merchants a clean, interesting, pedestrian friendly shopping and dining environment that even “mall shoppers” can enjoy, even if it is only a diversion from their normal shopping routine. This segment of the market draws its demand from that segment of the population seeking alternative shopping and dining experiences. The merchants occupying the spaces in and around the town square are as much a form of entertainment as they are shopping locations. It is the overall experience that many shoppers enjoy not just the merchandise or the food. This group of merchants is relatively safe from the front line regional or national chains located at S.R. 41 and I-75 as long as they can retain the ambience of the total experience of a visit to the square.

G. Observations Regarding the Study Area

Troy appears to be at the heart of a strengthening retail hub at the interchange of S.R. 41 and I-75. This retail hub is projected to grow in significance in the future. Currently the area serves a population well beyond the city limits of Troy. In the future, this hub should serve a broader market geographically and capture a larger share of the consumers’ dollars who shop there than is captured today.

While the retail hub at S.R. 41 and I-75 gains strength, older venues on local thoroughfares in the City will find it increasingly difficult to compete. In fact, some current, older retail venues will be better off redeveloped for another land use or mix of uses than to remain as retail locations in the future.

The historic downtown should retain its unique market niche as long as the overall theme of the historic town square continues to grow. This unique market niche will be the home of a variety of local merchants in the future.

X. OBSERVATIONS AND CONCLUSIONS

The City of Troy is poised to undergo a transition as a city over the next several years. The County Seat of Miami County, Troy has historically enjoyed a reputation of being a pleasant place to live and work. The City has historically had more than a proportionate share of successful companies located in town. The lifestyles of residents were comfortable based on stable employment, social and cultural amenities, and a variety of locally based merchants that offered high quality goods and services to consumers. Troy has offered a blend of urban and rural living that has been somewhat unique in the region. However, the City of Troy is confronting change. Some of this change has emanated from within, but much of the change that has occurred in recent years has been a function of increasing urbanization of the unincorporated areas around Troy coupled with economic development along the I-75 corridor north of Dayton.

Troy may evolve into more of a core city surrounded by suburban townships in the near future. Some of the demographic data analyzed during the course of this study suggests that the City of Troy may be undergoing a transition to a community with more urban characteristics. The age makeup of the population, income levels, the percentage of rental housing, the age of the housing inventory, aging industrial infrastructure, and newer alternative retail outlets on the fringe of town, all speak to the potential for the City of Troy to exhibit more urban, core, city characteristics.

A. Housing Market Observations

The housing market in the City of Troy is projected to grow between now and 2007. The number of housing units that may be added to the City's inventory ranges between 276 units and 656 units depending on the data sources. This represents an increase ranging between 3% and 7% in the number of housing units in the City. The estimated housing inventory growth appears to outpace the projected population growth rate and household growth rate in the City.

The occupancy styles of the households in the City strongly suggests that a significant percentage of the freestanding, single family residences in the City may have been converted to rental housing. The percentage of conversions may be as high as 20% of the inventory. This appears to be indicative of a potential housing issue with regard to the preservation and enhancement of the current inventory of single-family homes. In addition, the percentage of households living in rental housing is expected to increase between now and 2007. Should this projection be realized, it is likely that more single-family homes will enter the rental market.

The majority of new units projected to be introduced to the housing market between now and 2007 are freestanding, single-family residences. Approximately 75% of the anticipated new inventory is expected to be single-family homes. Of course, the City must have land that can accommodate housing growth in order for this projection to be realized.

Competitively, the market appears to be reasonably stable, now and in the future, regarding housing supply and demand. Housing values are projected to grow based on the continuation of current trends. Approximately 75% of the housing inventory is projected to be valued at \$75,000

or greater by 2007. Areas in close proximity to the City of Troy are projected to share in the housing growth in the future. These areas reflect similar characteristics to those of the City of Troy in the future. In general, the housing market in the City of Troy and its environs appears to be competitively well positioned for growth in the time period between now and 2007.

B. Office and Industrial Market Observations

The data suggests that the City of Troy should experience employment growth of approximately 3% to 4% in the office and industrial segments of the market between now and 2007. Most of this growth is believed to originate from already existing businesses and industries.

While growth is suggested on the basis of historical trends, the City's employment and a very significant portion of the Troy, resident workforce is employed in the manufacturing segment of the City's industrial base. This segment of employment has shown susceptibility to structural displacement from offshore relocations as well as employment reductions from the introduction of automated technologies. The City of Troy must be aware of any possible weaknesses in its manufacturing industrial employment base.

The City's inventory of existing, modern office and industrial space appears to be at, or near, stabilized occupancy. Like many older cities, the City of Troy does have a significant component of older, functionally obsolescent, underutilized space. Much of this space is not currently available in the lease or sale markets. For most market participants this space would not represent a competitive alternative even if it were currently available for sale or lease. However, the sites occupied by these older spaces could represent redevelopment alternatives that could bolster the City's inventory of competitive office and industrial sites in the future.

The City of Troy does not appear to have market ready sites to attract large-scale users at this time. This has been a market segment in which the City has successfully competed in the past. While employment growth projections are modest relative to existing businesses and industries, the City cannot compete for major new companies without competitive, market ready sites.

Regardless of the City's policy decisions regarding redevelopment sites or major new industrial/office parks, the competitive environment is likely to become more intense in the future. With improvements to I-75 and the I-70/75 interchange, the attractiveness of locations along the interstate corridor is likely to improve. Troy is in a competitively advantageous location with multiple highway exits in, or in close proximity to, the city.

Based on a review of the SIC codes of the employers in the City of Troy, the City appears to have positioned itself well with regard to the segments of business and industry that should grow as a function of the new economy and the implementation of technology.

C. Retail Market Observations

Troy appears to be at the heart of a strengthening retail hub at the interchange of S.R. 41 and I-75. This retail hub is projected to grow in significance in the future. Currently the area serves a population well beyond the city limits of Troy. In the future, this hub should serve a broader market geographically and capture a larger share of the consumers' dollars who shop there than is captured today.

While the retail hub at S.R. 41 and I-75 gains strength, older venues on local thoroughfares in the City will find it increasingly difficult to compete. In fact, some current, older retail venues will be better off redeveloped for another land use or mix of uses than to remain as retail locations in the future.

The historic downtown should retain its unique market niche as long as the overall theme of the historic, town square continues to grow. This unique market niche will be the home of a variety of local merchants in the future.

D. General Recommendations

There are several strategic measures that the City of Troy can take that may serve to delay or eliminate any potential degradation of the City's built environment and its image over the next several years. Of course, the built environment will continue to age. However, the City of Troy should regard its inventory of all land use types as perishable commodities. Structures of all types have economic and physical lives. Often the economic life of an improvement is shorter than the physical life. The difference between these two life cycles is the origin of restoration, rehabilitation, and reuse projects. The point of this discussion is that the City of Troy must recognize when properties are in their declining economic years and work to find feasible alternatives for the improvements or clear the existing improvements from the landscape and make sites ready for redevelopment.

The housing inventory is of particular concern because of the rental component of the market. Landlords make improvement decisions on the basis of economics not aesthetics. While the curb appeal of a property may improve its overall marketability, there may not be a direct payback for a cosmetic upgrade. Homeowners will expend money on cosmetic improvements because of the pride of ownership and the statement that a good-looking property makes. Minimum maintenance standards are essential for homeowners and landlords. Landlord registration may be a prudent move on the part of the City. This can be especially useful if a property becomes a nuisance because of maintenance issues or because of the occupancy. Presale inspections are another means of making sure that the housing inventory is at least being upgraded to a minimum standard on a periodic basis. Making smoke detectors a requirement in all rental housing units can afford the Fire Department the opportunity to inspect rental units periodically for compliance and to observe general conditions in rental properties. Incentives for home improvements in the form of low interest loans, and possibly loans convertible to grants for significant renovation or restoration projects, can help to maintain the housing inventory. The City could consider buying properties in the marketplace that have been converted from owner-

occupied housing and returning the properties to the market with restrictions that preclude rental occupancies. The City may also want to consider restoring single-family homes that have been converted to multiple family units, recognizing that the end values may be less than the City's purchase prices. This is not an exhaustive list of potential tools. Some of the recommendations may not be acceptable for a variety of community reasons. The point is that proactive steps to preserve and enhance the housing inventory are far better than allowing the inventory to decline.

Specific strategies have been identified in the preceding text with regard to the office and industrial segments of the market. Typically, less can be done to counteract the effects of aging industrial infrastructure than other land uses because of the decision-making processes of corporate owners. Communication and information are the best tools to work with businesses and industries. If a business or industry elects to relocate and close their local facilities, the City must be able to assert itself with regard to all of the steps that the company can take to make sure that the site and its improvements do not languish on the landscape for decades. Industrial properties, in particular, are of such significance that they can negatively influence adjacent neighborhoods for years if they are shuttered and allowed to deteriorate. An aggressive stance with regard to industrial closures is very important to the overall health, appearance, and perceptions that a community creates.

Retail uses are perhaps the most fluid among the four primary land-use categories. Retailers must be responsive to changes in style reflecting consumer preferences and changing lifestyles. Market share is critical to the retailers' success. Typically, the market moves at a much faster pace than the rate of change in a retail property. It is the pace of change of consumer desires that makes existing retail establishments obsolete in a relatively short time. It is unlikely that the pace of change will slow significantly in the retail markets in the future. The City of Troy must be attentive to the pace and direction(s) of housing growth in the future. Businesses follow people and growing residential areas offer the best opportunities for retailers to capture a market share and expand this share as the community develops. Once an area is fully developed, shopping center developers and their primary retail tenants may look for the next location to build a new center in an expanding market area. Unfortunately, once an existing center is left behind as a community grows, it may continue to erode as a trading center until it contributes virtually nothing to the economic health of the community. There are few tools that can be used to stop the nomadic behavior of retailers and a moratorium on new retail development may actually harm a community if it becomes inconvenient for residents to shop. Tools that prevent retail properties from deteriorating over extended periods are gaining momentum in other parts of the country. Perhaps the most definitive public measure is a demolition bond requirement that requires a developer to demolish an existing center if it falls below some established minimum occupancy level or loses a primary, anchor tenant. Measures like this may seem arbitrary, but they do prevent a community being burdened with unproductive former retail sites that could be put to good alternative reuses.